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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed
as a separate compilation

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS
(Legislative Department)

New Delhi, the 8th August, 1977/Sravana 17, 1899 (Saka)

The following Act of Parliament received the assent of the President on the 8th August, 1977, and is hereby published for general information.—

THE FINANCE (No. 2) ACT, 1977

No. 29 OF 1977

[8th August, 1977]

An Act to give effect to the financial proposals of the Central Government for the financial year 1977-78.

BE it enacted by Parliament in the Twenty-eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance (No. 2) Act, 1977.
- (2) Save as otherwise provided in this Act, sections 2 to 30 and sections 34 to 39 shall be deemed to have come into force on the 1st day of April, 1977

Short title
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CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1977, income-tax shall be charged at the rates specified in Part I of the First Schedule and shall be increased,—

Income-
tax

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by **a surcharge**,
calculated in each case in the manner provided therein:

Provided that where an assessee, being a company, has made, during the financial year commencing on the 1st day of April, 1976, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 under the Companies Deposits (Surcharge on Income-tax) Scheme, 1976, then, the surcharge on income-tax payable by the company,—

18 of 1964.

(a) in a case where the amount of the deposit so made is equal to or exceeds the amount of surcharge on income-tax payable by it, shall be *nil*; and

(b) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income, in addition to total income, and the total income exceeds eight thousand rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after the first eight thousand rupees of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income, and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of eight thousand rupees and the amount of income-tax shall be determined in respect of the net agricultural income as so **increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;**

(iii) the amount by which income-tax determined in accordance with sub-clause (i) exceeds the amount of income-tax determined in accordance with sub-clause (ii) shall be the income-tax chargeable in respect of the total income.

(3) In cases to which the provisions of Chapter XII or section 164 of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

43 of 1961

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) Subject to the provisions of sub-section (6), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any **payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed,** at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule:

Provided that in cases to which the provisions of Chapter XII or section 164 of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be.

(6) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income, in addition to total income, and the total income exceeds ten thousand rupees, then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging **income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act,** at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after the first eight thousand rupees of the total income but without being liable to tax), only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income:

Provided that for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (ii) of the proviso below Sub-

Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A and the provisions relating to surcharge on income-tax in the said Sub-Paragraphs shall not apply;

(ii) the net agricultural income shall be increased by a sum of eight thousand rupees and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income:

Provided that for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (i) and clause (ii) of the proviso below Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A and the provisions relating to surcharge on income-tax in the said Sub-Paragraphs shall not apply;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii):

Provided that where the sum so arrived at exceeds seventy per cent. of the amount by which the total income exceeds ten thousand rupees, the excess shall be disregarded;

(iv) the amount of income-tax or "advance tax" determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(7) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1977, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining

Explanation.—For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of genera-

tion or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(d) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

3. In section 2 of the Income-tax Act, in clause (42A), for the words "sixty months", the words "thirty-six months" shall be substituted with effect from the 1st day of April, 1978.

Amend-
ment of
section 2.

4. In section 9 of the Income-tax Act, in sub-section (1),—

(a) after clause (vii) and before the *Explanation*, the following proviso shall be inserted, namely:—

Amend-
ment of
section 9.

"Provided that nothing contained in this clause shall apply in relation to any income by way of fees for technical services payable in pursuance of an agreement made before the 1st day of April, 1976 and approved by the Central Government.";

(b) the *Explanation* below clause (vii) shall be numbered as *Explanation 2* and before that *Explanation* as so numbered, the following *Explanation* shall be inserted, namely:—

"*Explanation 1*.—For the purposes of the foregoing proviso, an agreement made on or after the 1st day of April, 1976 shall be deemed to have been made before that date if the agreement is made in accordance with proposals approved by the Central Government before that date."

Amend-
ment of
section 10.

5. In section 10 of the Income-tax Act,—

(a) in clause (6), in sub-clause (i), after item (a), the following item shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1972, namely:—

“(aa) from his employer, for his children having full time education in any educational institution outside India, in connection with their proceeding to India during vacation;”;

(b) in clause (26A), for the figures, letters and words “1st day of April, 1975”, the figures, letters and words “1st day of April, 1980” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1975.

Amend-
ment of
section 11.

6. In section 11 of the Income-tax Act, in clause (b) of sub-section (2), with effect from the 1st day of April, 1978,—

(a) for sub-clause (i), the following sub-clause shall be substituted, namely:—

“(i) deposited in any account with the Post Office Savings Bank [including deposits made under the Post Office (Time Deposits) Rules, 1970] or a scheduled bank or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank):

Provided that the money so accumulated or set apart may also be deposited, or continue to remain deposited, during any previous year commencing before the 1st day of April, 1981 with any other banking company, being a banking company to which the Banking Regulation Act, 1949 applies, or”;

10 of 1949

(b) after sub-clause (ii), the following *Explanation* shall be inserted, namely:—

‘*Explanation.*—For the purposes of sub-clause (ii), “scheduled bank” means the State Bank of India constituted under the State Bank of India Act, 1955, a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or any other bank, being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934.’

23 of 1955.

38 of 1959.

5 of 1970.

2 of 1934.

Amend-
ment of
section 13.

7. In section 13 of the Income-tax Act, with effect from the 1st day of April, 1978,—

(a) in sub-section (1), in clause (d),—

(i) for the figures, letters and words “1st day of April, 1979”, the figures, letters and words “1st day of April, 1982” shall be substituted;

(ii) for the figures, letters and words “1st day of April, 1978”, the figures, letters and words “1st day of April, 1981” shall be substituted;

(b) in sub-section (5), in clause (a), for sub-clause (iii), the following sub-clause shall be substituted, namely:—

‘(iii) deposit in any account with a scheduled bank or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank).

Explanation.—In this sub-clause, “scheduled bank” shall have the same meaning as in the *Explanation* at the end of clause (b) of sub-section (2) of section 11.’

8. In section 24 of the Income-tax Act, in sub-section (1),—

Amend-
ment of
section 24.

(a) in clause (ix), the word “and” occurring at the end shall be omitted;

(b) after clause (ix) as so amended, the following *Explanation* shall be inserted, namely:—

“*Explanation.*—The deduction under this clause shall be made irrespective of whether the period during which the property or, as the case may be, part of the property was vacant precedes or follows the period during which it is let;”.

9. In section 32A of the Income-tax Act, with effect from the 1st day of April, 1978,—

Amend-
ment of
section
32A.

(a) in sub-section (2),—

(i) in clause (b), for sub-clauses (u) and (vi), the following sub-clauses shall be substituted, namely:—

“(i) in a small-scale industrial undertaking for the purposes of business of manufacture or production of any article or thing; or

(ii) in any other industrial undertaking for the purposes of business of construction, manufacture or production of any article or thing, not being an article or thing specified in the list in the Eleventh Schedule.”;

(u) in the *Explanation*, for the words, brackets and figure “this sub-section and sub-section (4)”, the words, brackets, figures and letter “this sub-section and sub-sections (2B) and (4)” shall be substituted;

(b) after sub-section (2), the following sub-sections shall be inserted, namely:—

‘(2A) The deduction under sub-section (1) shall not be denied in respect of any machinery or plant installed and used mainly for the purposes of business of construction, manufacture or production of any article or thing, not being an article or thing specified in the list in the Eleventh Schedule, by reason only that such machinery or plant is also used for the purposes of

business of construction, manufacture or production of any article or thing specified in the said list

(2B) Where any new machinery or plant is installed after the 30th day of June, 1977, but before the 1st day of April, 1982, for the purposes of business of manufacture or production of any article or thing and such article or thing—

(a) is manufactured or produced by using any technology (including any process) or other know-how developed in, or

(b) is an article or thing invented in,

a laboratory owned or financed by the Government, or a laboratory owned by a public sector company or a University or by an institution recognised in this behalf by the prescribed authority,

the provisions of sub-section (1) shall have effect in relation to such machinery or plant as if for the words "twenty-five per cent.", the words "thirty-five per cent." had been substituted, if the following conditions are fulfilled, namely:—

(i) the right to use such technology (including any process) or other know-how or to manufacture or produce such article or thing has been acquired from the owner of such laboratory or any person deriving title from such owner;

(ii) the assessee furnishes, along with his return of income for the assessment year for which the deduction is claimed, a certificate from the prescribed authority to the effect that such article or thing is manufactured or produced by using such technology (including any process) or other know-how developed in such laboratory or is an article or thing invented in such laboratory; and

(iii) the machinery or plant is not used for the purpose of business of manufacture or production of any article or thing specified in the list in the Eleventh Schedule.

Explanation.—For the purposes of this sub-section,—

(a) "laboratory financed by the Government" means a laboratory owned by any body (including a society registered under the Societies Registration Act, 1860) and financed wholly or mainly by the Government;

21 of 1860.

(b) "public sector company" means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956;

1 of 1956.

(c) "University" means a University established or incorporated by or under a Central, State or Provincial Act and includes an institution declared under section 3 of the University Grants Commission Act, 1956 to be a University for the purposes of that Act.;

3 of 1956.

(c) after sub-section (8), the following sub-section shall be inserted, namely:—

“(8A) The Central Government, if it considers necessary or expedient so to do, may, by notification in the Official Gazette, omit any article or thing from the list of articles or things specified in the Eleventh Schedule.”.

10: In the Income-tax Act, after section 35C, the following section shall be inserted with effect from the 1st day of September, 1977, namely:—

Insertion
of new
section
35CC.

‘35CC (1) Where the assessee, being a company or a co-operative society, incurs any expenditure on any programme of rural development, the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of the amount of such expenditure incurred during the previous year:

Rural
Develop-
ment Al-
lowance.

Provided that the approval of the prescribed authority has been obtained by the assessee in respect of such programme before incurring the expenditure.

Explanation.—For the purposes of this sub-section,—

(a) “programme of rural development” includes any programme for promoting the social and economic welfare of, or the uplift of, the public in any rural area;

(b) “rural area” means any area other than—

(i) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the last preceding census of which the relevant figures have been published before the first day of the previous year; or

(ii) an area within such distance, not being more than fifteen kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (i), as the Central Government may, having regard to the stage of development of such area (including the extent of, and scope for, urbanisation of such area) and other relevant considerations, specify in this behalf by notification in the Official Gazette.

(2) Where the expenditure referred to in sub-section (1) results in the acquisition or creation of an asset, being building, machinery, plant or furniture, and the assessee does not divest itself of the ownership of such asset before the end of the previous year, no deduction in respect of such expenditure shall be allowed under sub-section (1) but the assessee shall be entitled to the allowance for depreciation in respect of the asset so acquired or created as if such asset was used for the purposes of the business and the provisions of sections 32, 34, 41 and 43 shall, so far as may be, apply accordingly.

(3) No deduction shall be allowed in respect of the expenditure referred to in sub-section (1) unless the assessee furnishes, along with the return of income for the assessment year for which the deduction is claimed, a statement of such expenditure in the prescribed form duly signed and verified by an accountant as defined in the *Explanation* below sub-section (2) of section 283 and setting forth such particulars as may be prescribed.

(4) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

Amend-
ment of
section 36.

11. In section 36 of the Income-tax Act, in sub-section (1), for sub-clause (b) of clause (viii), the following sub-clause shall be substituted with effect from the 1st day of April, 1978, namely:—

“(b) in the case of any other financial corporation, twenty-five per cent.”.

Amend-
ment of
section 50.

12. In section 50 of the Income-tax Act, in clause (2), for the figures, letters and words “1st day of January, 1954”, the figures, letters and words “1st day of January, 1964” shall be substituted with effect from the 1st day of April, 1978.

Insertion
of new
section
54E.

13. In the Income-tax Act, after section 54D, the following section shall be inserted with effect from the 1st day of April, 1978, namely:—

Capital
gain on
transfer
of capital
assets not
to be
charged
in certain
cases.

‘54E. (1) Where the capital gain arises from the transfer of a capital asset, not being a short-term capital asset, (the capital asset so transferred being hereafter in this section referred to as the original asset) and the assessee has, within a period of six months after the date of such transfer, invested or deposited the full value of the consideration or any part thereof received or accruing as a result of such transfer in any specified asset (such specified asset being hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—

(a) if the cost of the new asset is not less than the full value of the consideration received or accruing in respect of the original asset, the whole of such capital gain shall not be charged under section 45;

(b) if the cost of the new asset is less than the full value of the consideration received or accruing in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the full value of such consideration shall not be charged under section 45.

Explanation 1.—For the purposes of this sub-section, “specified asset” means any of the following assets, namely:—

(i) securities of the Central Government or a State Government;

(ii) savings certificates as defined in clause (c) of section 2 of the Government Savings Certificates Act, 1959;

- 32 of 1963. (iii) units in the Unit Trust of India established under the Unit Trust of India Act, 1963;
- (iv) debentures specified by the Central Government for the purposes of clause (u) of sub-section (1) of section 80L;
- (v) shares in any Indian company which are issued to the public or are listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder;
- 42 of 1956. (vi) deposits for a period of not less than three years with the State Bank of India established under the State Bank of India Act, 1955 or any subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 or any nationalised bank, that is to say, any corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank).
- 23 of 1955
- 38 of 1959.
- 5 of 1970.

Explanation 2—"Cost" in relation to any new asset, being a deposit referred to in clause (vi) of *Explanation 1*, means the amount of such deposit.

(2) Where the new asset is transferred, or converted (otherwise than by transfer) into money, within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be income chargeable under the head "Capital gains" relating to capital assets other than short-term capital assets of the previous year in which the new asset is transferred or converted (otherwise than by transfer) into money.

14. In section 55 of the Income-tax Act, for the figures, letters and words "1st day of January, 1954", wherever they occur, the figures, letters and words "1st day of January, 1964" shall be substituted with effect from the 1st day of April, 1978.

Amendment of section 55.

15. In the Income-tax Act, after section 72, the following section shall be inserted, with effect from the 1st day of April, 1978, namely:—

Insertion of new section 72A.

'72A. (1) Where there has been an amalgamation of a company owning an industrial undertaking or a ship with another company and the Central Government, on the recommendation of the specified authority, is satisfied that the following conditions are fulfilled, namely:—

Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in certain cases of amalgamation.

(a) the amalgamating company was not, immediately before such amalgamation, financially viable by reason of its liabilities, losses and other relevant factors;

(b) the amalgamation was in the public interest; and

(c) such other conditions as the Central Government may, by notification in the Official Gazette, specify, to ensure

that the benefit under this section is restricted to amalgamations which would facilitate the rehabilitation or revival of the business of the amalgamating company,

then, the Central Government may make a declaration to that effect, and, thereupon, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or, as the case may be, allowance for depreciation of the amalgamated company for the previous year in which the amalgamation was effected, and the other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

(2) Notwithstanding anything contained in sub-section (1), the accumulated loss shall not be set off or carried forward and the unabsorbed depreciation shall not be allowed in the assessment of the amalgamated company unless the following conditions are fulfilled, namely:—

(i) during the previous year relevant to the assessment year for which such set off or allowance is claimed, the business of the amalgamating company is carried on by the amalgamated company without any modification or reorganisation or with such modification or reorganisation as may be approved by the Central Government to enable the amalgamated company to carry on such business more economically or more efficiently;

(ii) the amalgamated company furnishes, along with its return of income for the said assessment year, a certificate from the specified authority to the effect that adequate steps have been taken by that company for the rehabilitation or revival of the business of the amalgamating company.

Explanation.—In this section,—

(a) “accumulated loss” means so much of the loss of the amalgamating company under the head “Profits and gains of business or profession” (not being a loss sustained in a speculation business) which the amalgamating company would have been entitled to carry forward and set off under the provisions of section 72 if the amalgamation had not been effected;

(b) “specified authority” means such authority as the Central Government may, by notification in the Official Gazette, specify for the purposes of this section;

(c) “unabsorbed depreciation” means so much of the allowance for depreciation of the amalgamating company which remains to be allowed and which would have been allowed to the amalgamating company under the provisions of this Act if the amalgamation had not been effected.’

16. In section 80G of the Income-tax Act, in sub-section (4), with effect from the 1st day of April, 1978,—

(a) for the words “two hundred thousand rupees”, the words “five hundred thousand rupees” shall be substituted;

(b) the proviso shall be omitted.

17. In section 80HH of the Income-tax Act, after sub-section (9), the following sub-section shall be inserted with effect from the 1st day of April, 1978, namely:—

Amendment of section 80HH.

"(9A) Where a deduction in relation to the profits and gains of a small-scale industrial undertaking to which section 80HHA applies is claimed and allowed under that section for any assessment year, deduction in relation to such profits and gains shall not be allowed under this section for the same or any other assessment year."

18. In the Income-tax Act, after section 80HH, the following section shall be inserted with effect from the 1st day of April, 1978, namely:—

Insertion of new section 80HHA.

'80HHA. (1) Where the gross total income of an assessee includes any profits and gains derived from a small-scale industrial undertaking to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent thereof.

Deduction in respect of profits and gains from newly established small-scale industrial undertakings in certain areas.

(2) This section applies to any small-scale industrial undertaking which fulfils all the following conditions, namely:—

(i) it begins to manufacture or produce articles after the 30th day of September, 1977 in any rural area;

(ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of any small-scale industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(iii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;

(iv) it employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

Explanation.—Where in the case of a small-scale industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (iii) of this sub-section, the condition specified therein shall be deemed to have been fulfilled.

(3) The deduction specified in sub-section (1) shall be allowed in computing the total income in respect of each of the ten assessment

years beginning with the assessment year relevant to the previous year in which the small-scale industrial undertaking begins to manufacture or produce articles.

(4) Where the assessee is a person, other than a company or a co-operative society, the deduction under sub-section (1) shall not be admissible unless the accounts of the small-scale industrial undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

(5) The provisions of sub-sections (6) and (7) of section 80HH shall, so far as may be, apply in relation to the computation of the profits and gains of a small-scale industrial undertaking for the purposes of the deduction under this section as they apply in relation to the computation of the profits and gains of an industrial undertaking for the purposes of the deduction under that section.

(6) In a case where the assessee is entitled also to the deduction under section 80J in relation to the profits and gains of a small-scale industrial undertaking to which this section applies, effect shall first be given to the provisions of this section.

(7) Where a deduction in relation to the profits and gains of a small-scale industrial undertaking to which section 80HH applies is claimed and allowed under that section for any assessment year, deduction in relation to such profits and gains shall not be allowed under this section for the same or any other assessment year.

(8) Nothing contained in this section shall apply in relation to any small-scale industrial undertaking engaged in mining.

Explanation.—For the purposes of this section,—

(a) “rural area” shall have the same meaning as in clause (b) of the *Explanation* to sub-section (1) of section 35CC;

(b) an industrial undertaking shall be deemed to be a small-scale industrial undertaking, if the aggregate value of the machinery and plant (other than tools, jigs, dies and moulds) installed, as on the last day of the previous year, for the purposes of the business of the undertaking does not exceed ten lakh rupees; and for this purpose the value of any machinery or plant shall be,—

(i) in the case of any machinery or plant owned by the assessee, the actual cost thereof to the assessee; and

(ii) in the case of any machinery or plant hired by the assessee, the actual cost thereof as in the case of the owner of such machinery or plant.’

19. For section 80RRA of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1978, namely:—

Substitution of new section for section 80RRA.

'80RRA. (1) Where the gross total income of an individual who is a citizen of India includes any remuneration received by him in foreign currency from any employer (being a foreign employer or an Indian concern) for any service rendered by him outside India, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the individual, a deduction from such remuneration of an amount equal to fifty per cent. thereof:

Deduction in respect of remuneration received for services rendered outside India.

Provided that where the individual renders continuous service outside India under or for such employer for a period exceeding thirty-six months, no deduction under this section shall be allowed in respect of the remuneration for such service relating to any period after the expiry of the thirty-six months aforesaid.

(2) The deduction under this section shall be allowed—

(i) in the case of an individual who is or was, immediately before undertaking such service, in the employment of the Central Government or any State Government, only if such service is sponsored by the Central Government;

(ii) in the case of any other individual, only if he is a technician and the terms and conditions of his service outside India are approved in this behalf by the Central Government or the prescribed authority.

Explanation.—For the purposes of this section—

46 of 1973.

(a) "foreign currency" shall have the meaning assigned to it in the Foreign Exchange Regulation Act, 1973;

(b) "foreign employer" means,—

(i) the Government of a foreign State; or

(ii) a foreign enterprise; or

(iii) any association or body established outside India;

(c) "technician" means a person having specialised knowledge and experience in—

(i) constructional or manufacturing operations or mining or the generation or distribution of electricity or any other form of power; or

(ii) agriculture, animal husbandry, dairy farming deep sea fishing or ship building; or

(iii) public administration or industrial or business management; or

(iv) accountancy; or

(v) any field of natural or applied science (including medical science) or social science; or

(vi) any other field which the Board may prescribe in this behalf,

who is employed in a capacity in which such specialised knowledge and experience are actually utilised'.

Amend-
ment of
section
104

20. In section 104 of the Income-tax Act, for sub-section (4), the following sub-section and *Explanation* shall be substituted with effect from the 1st day of April, 1978, namely:—

“(4) Without prejudice to the provisions of section 108, nothing contained in this section shall apply to—

(a) an Indian company whose business consists mainly in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power;

(b) a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India.

Explanation—For the purposes of clause (a) of this sub-section, the business of a company shall be deemed to consist mainly in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, if the income attributable to any of the aforesaid activities included in its gross total income for the relevant previous year is not less than fifty-one per cent of such total income.”.

Amend-
ment of
section
109.

21. In section 109 of the Income-tax Act, with effect from the 1st day of April, 1978,—

(a) clause (ia) shall be omitted;

(b) in clause (iii),—

(i) in sub-clause (1), for the words “an industrial company or a consultancy service company”, the words “a consultancy service company” shall be substituted;

(ii) for sub-clause (3) the following sub-clause shall be substituted, namely:—

“(3) in the case of an Indian company, not being an Indian company referred to in clause (a) of sub-section (4) of section 104 or a consultancy service company, a part of whose gross total income consists of profits and gains attributable to—

(i) the business of construction of ships or of manufacture or processing of goods or of mining or of generation or distribution of electricity or any other form of power; or

(ii) the business of provision of technical know-how, or of rendering services in connection with the provision of technical know-how, to other persons—

(a) in relation to that part of its gross total income as is attributable to the business referred to in item (i) of this sub-clause . . . Nil;

(b) in relation to that part of its gross total income as is attributable to the business referred to in item (ii) of this sub-clause45 %;

(c) in relation to the remaining part of its gross total income—

(1) if it is an investment company or a company which satisfies the conditions specified in sub-clause (4) (a) of this clause.....90%;

(2) in any other case.....60%.

Explanation.—The provisions of this Chapter shall apply as if each of the aforesaid parts of the gross total income of the company were the gross total income of the company in relation to that part and as if the amount of dividends actually distributed and the distributable income were also similarly apportioned for the purposes of section 104 and this section;".

22. In section 115A of the Income-tax Act, with effect from the 1st day of April, 1978,—

Amendment of section 115A.

(a) in sub-section (1), for the words, brackets and figure "Subject to the provisions of sub-section (2)", the words, brackets, figures and letter "Subject to the provisions of sub-sections (1A) and (2)" shall be substituted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

'(1A) Where the royalty referred to in clause (b) of sub-section (1) is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book to an Indian concern, the provisions of sub-section (1) shall apply in relation to such royalty as if the words "and approved by the Central Government" occurring in the said clause had been omitted:

Provided that such book is on a subject, the books on which are permitted, according to the Import Trade Control Policy of the Government of India for the period commencing from the 1st day of April, 1977 and ending with the 31st day of March, 1978, to be imported into India under an Open General Licence.

Explanation.—In this sub-section, "Open General Licence" means an Open General Licence issued by the Central Government in pursuance of the Imports (Control) Order, 1955.'

Amend-
ment of
section
155.

23. In section 155 of the Income-tax Act, after sub-section (10), the following sub-section shall be inserted with effect from the 1st day of April, 1978, namely:—

“(10A) Where in the assessment for any year, a capital gain arising from the transfer of a capital asset, not being a short-term capital asset, is charged to tax and within a period of six months after the date of such transfer, the assessee has made any investment or deposit in any specified asset within the meaning of *Explanation 1* to sub-section (1) of section 54E, the Income-tax Officer shall amend the order of assessment so as to exclude the amount of the capital gain not chargeable to tax under the provisions of section 54E, and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the date of the assessment.”.

Amend-
ment of
section
194.

24. In section 194 of the Income-tax Act, with effect from the 1st day of October, 1977,—

(a) in the proviso, for the words “Provided that”, the words “Provided further that” shall be substituted,

(b) before the proviso as so amended, the following proviso shall be inserted, namely.—

“Provided that no such deduction shall be made in the case of any shareholder, not being a company, if—

(a) the shareholder is resident in India;

(b) the amount of such dividend does not exceed two hundred and fifty rupees; and

(c) the shareholder furnishes to the person responsible for paying the dividend a statement in writing in the prescribed form and verified in the prescribed manner declaring that his estimated total income of the previous year in which such dividend is to be included under the provisions of section 8 will be less than the minimum liable to income-tax:”.

Insertion
of new
section
206B.

25. In the Income-tax Act, after section 206A and before the heading “C.—*Advance payment of tax*”, the following section shall be inserted with effect from the 1st day of October, 1977, namely:—

“206B. Any person responsible for paying any dividend referred to in section 194 shall prepare, and within thirty days from the 31st day of March in each year, deliver or cause to be delivered to the Income-tax Officer in the prescribed form and verified in the prescribed manner, a return in writing showing—

(a) the name and address of every person who has furnished to him a statement under the first proviso to section 194;

(b) the amount of the dividend paid or distributed during the financial year to each such person; and

(c) such other particulars as may be prescribed.”.

Person
paying
dividend
to certain
residents
without
deduction
of tax to
furnish
prescrib-
ed return.

26. In section 208 of the Income-tax Act, in sub-section (2), for clause (c), the following clause shall be substituted with effect from the 1st day of September, 1977, namely:—

Amendment of section 208.

“(c) in any other case—Rs. 10,000.”.

27. In section 273 of the Income-tax Act, with effect from the 1st day of September, 1977,—

Amendment of section 273.

(a) in clause (a), for the words and figures “has furnished under section 212”, the words, brackets and figures “has furnished under sub-section (1) or sub-section (2) or sub-section (3) of section 212” shall be substituted;

(b) after clause (a), the following clause shall be inserted, namely:—

“(aa) has furnished under sub-section (3A) of section 212 an estimate of the advance tax payable by him which he knew or had reason to believe to be untrue, or”;

(c) after clause (i), the following clause shall be inserted, namely:—

“(ia) which, in the case referred to in clause (aa), shall not be less than ten per cent. but shall not exceed one and a half times the amount by which the tax actually paid during the financial year immediately preceding the assessment year under the provisions of Chapter XVII-C falls short of seventy-five per cent of the assessed tax as defined in sub-section (5) of section 215;”;

(d) the following *Explanation* shall be inserted at the end, namely:—

“*Explanation.*—For the purposes of clause (ia), the amount paid by the assessee on or before the date extended by the Commissioner under the proviso to sub-section (3A) of section 212 shall, where the date so extended falls beyond the financial year immediately preceding the assessment year, also be regarded as tax actually paid during that financial year.”.

28. In the Income-tax Act, after the Tenth Schedule, the following Schedule shall be inserted with effect from the 1st day of April, 1978, namely:—

Insertion of new Eleventh Schedule.

“THE ELEVENTH SCHEDULE

(See section 32A)

List of articles or things

1. Beer, wine and other alcoholic spirits.
2. Tobacco and tobacco preparations, such as, cigars and cheroots, cigarettes, biris, smoking mixtures for pipes and cigarettes, chewing tobacco and snuff.
3. Cosmetics and toilet preparations.
4. Tooth paste, dental cream, tooth powder and soap.
5. Aerated waters in the manufacture of which blended flavouring concentrates in any form are used.

6. Confectionery and chocolates.
7. Gramophones, including record players, and gramophone records.
8. Broadcast television receiver sets; radios (including transistor sets); radiograms and tape recorders (including cassette recorders and tape decks).
9. Cinematograph films and projectors.
10. Photographic apparatus and goods.
11. Electric fans.
12. Domestic electrical appliances, not falling under any other item in this list.

Explanation.—"Domestic electrical appliances" means electrical appliances normally used in the household and similar appliances used in places, such as, hotels, restaurants, hostels, offices, educational institutions and hospitals

13. Household furniture, utensils, crockery and cutlery not falling under any other item in this list.
14. Pressure cookers.
15. Vacuum flasks and other vacuum vessels.
16. Tableware and sanitaryware.
17. Glass and glassware.
18. Chinaware and porcelainware.
19. Mosaic tiles and glazed tiles.
20. Organic surface active agents; surface active preparations and washing preparations whether or not containing soap
21. Synthetic detergents.
22. Office machines and apparatus such as typewriters, calculating machines, cash registering machines, cheque writing machines, intercom machines and teleprinters.

Explanation.—The expression "Office machines and apparatus" includes all machines and apparatus used in offices, shops, factories, workshops, educational institutions, railway stations, hotels and restaurants for doing office work, for data processing and for transmission and reception of messages.

23. Steel furniture, whether made partly or wholly of steel.
24. Safes, strong boxes, cash and deed boxes and strong room doors.
25. Latex foam sponge and polyurethane foam.
26. Pigments, colours, paints, enamels, varnishes, blacks and cellulose lacquers
27. Crown corks or other fittings of cork, rubber, polyethylene or any other material.

28. Pilfer-proof caps for packaging or other fittings of cork, rubber, polyethylene or any other material.

29. Amplifiers or any other apparatus used for addressing the public.’

29. (1) The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, namely:—

Conse-
quential
amend-
ments to
certain
sections.

(a) in section 44D, in the *Explanation*,—

(i) in clause (a), for the words, brackets and figures “the *Explanation* to clause (vii) of sub-section (1) of section 9”, the words, figures and brackets “*Explanation 2* to clause (vi) of sub-section (1) of section 9” shall be substituted,

(ii) in clause (c), for the words, brackets and figures “the *Explanation* to clause (vi) of sub-section (1) of section 9”, the words, figures and brackets “*Explanation 2* to clause (vi) of sub-section (1) of section 9” shall be substituted;

(b) in section 115A, in the *Explanation* below sub-section (1),—

(i) in clause (a), for the words, brackets and figures “the *Explanation* to clause (vii) of sub-section (1) of section 9”, the words, figures and brackets “*Explanation 2* to clause (vii) of sub-section (1) of section 9” shall be substituted;

(ii) in clause (c), for the words, brackets and figures “the *Explanation* to clause (vi) of sub-section (1) of section 9”, the words, figures and brackets “*Explanation 2* to clause (vi) of sub-section (1) of section 9” shall be substituted

(2) The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act with effect from the 1st day of April, 1978, namely:—

(a) in section 45, for the figures, letters and word “54B and 54D”, the figures, letters and word “54B, 54D and 54E” shall be substituted;

(b) in sub-section (3) of section 80A, after the word, figures and letters “section 80HH”, the words, figures and letters “or section 80HHA” shall be inserted;

(c) in section 80J, after the word, figures and letters “section 80HH”, at both the places where they occur, the words, figures and letters “or section 80HHA” shall be inserted;

(d) in sub-section (3) of section 80P,—

(i) for the words, figures and letters “section 80HH or section 80J”, the words, figures and letters “section 80HH or section 80HHA or section 80J” shall be substituted;

(ii) for the words, figures and letters “section 80HH, section 80J”, the words, figures and letters “section 80HH, section 80HHA, section 80J” shall be substituted;

(e) in sub-section (2) of section 80QQ,—

(i) for the words, figures and letters “section 80HH or section 80J”, the words, figures and letters “section 80HH or section 80HHA or section 80J” shall be substituted,

(u) for the words, figures and letters "section 80HH, section 80J", the words, figures and letters "section 80HH, section 80HHA, section 80J" shall be substituted;

(f) in the Ninth Schedule, for the brackets, words, figures and letters "[See section 32(1) (vi) and section 32A(2) (b) (ii)]", the brackets, words, figures and letters "[See section 32(1) (vi) and section 80M(1)(a) (i)]" shall be substituted

Wealth-tax

Amend-
ment of
Act 27 of
1957.

30. In the Wealth-tax Act, 1957, for Part I of Schedule I [being the Part as substituted, with effect from the 1st day of April, 1977, by sub-clause (a) of clause (6) of section 27 of the Finance Act, 1976], the following Part shall be substituted, namely:—

66 of 1976

"PART I

(1) In the case of every individual or Hindu undivided family, not being a Hindu undivided family to which item (2) of this Part applies,—

Rate of tax

- | | |
|--|---|
| (a) where the net wealth does not exceed Rs 2,50,000 | $\frac{1}{2}$ per cent. of the net wealth; |
| (b) where the net wealth exceeds Rs 2,50,000 but does not exceed Rs. 5,00,000 | Rs. 1,250 plus 1 per cent. of the amount by which the net wealth exceeds Rs. 2,50,000; |
| (c) where the net wealth exceeds Rs 5,00,000 but does not exceed Rs 10,00,000 | Rs. 3,750 plus 2 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000; |
| (d) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 15,00,000 | Rs. 13,750 plus $2\frac{1}{2}$ per cent. of the amount by which the net wealth exceeds Rs. 10,00,000; |
| (e) where the net wealth exceeds Rs. 15,00,000 | Rs 26,250 plus $3\frac{1}{2}$ per cent. of the amount by which the net wealth exceeds Rs. 15,00,000; |

Provided that for the purposes of this item,—

(i) no wealth-tax shall be payable where the net wealth does not exceed Rs 1,00,000;

(ii) the wealth-tax payable shall, in no case, exceed 5 per cent. of the amount by which the net wealth exceeds Rs. 1,00,000.

(2) In the case of every Hindu undivided family which has at least one member whose net wealth assessable for the assessment year exceeds Rs. 1,00,000,—

Rate of tax

- | | |
|--|---|
| (a) where the net wealth does not exceed Rs. 2,50,000 | $1\frac{1}{2}$ per cent. of the net wealth; |
| (b) where the net wealth exceeds Rs 2,50,000 but does not exceed Rs. 5,00,000 | Rs. 3,750 plus 2 per cent. of the amount by which the net wealth exceeds Rs. 2,50,000; |
| (c) where the net wealth exceeds Rs 5,00,000 but does not exceed Rs. 10,00,000 | Rs 8,750 plus $2\frac{1}{2}$ per cent of the amount by which the net wealth exceeds Rs. 5,00,000; |
| (d) where the net wealth exceeds Rs 10,00,000 | Rs 21,250 plus $3\frac{1}{2}$ per cent of the amount by which the net wealth exceeds Rs. 10,00,000; |

Provided that for the purposes of this item,—

(i) no wealth-tax shall be payable where the net wealth does not exceed Rs. 1,00,000;

(ii) the wealth-tax payable shall, in no case, exceed 5 per cent. of the amount by which the net wealth exceeds Rs. 1,00,000.”.

CHAPTER IV

INDIRECT TAXES

31. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Second Schedule. Amend-
ment of
Act 51
of 1975

32. The Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), shall be amended in the manner specified in the Third Schedule. Amend-
ment of
Act 1 of
1944.

33. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fourth Schedule. Amend-
ment of
Act 58 of
1957

CHAPTER V

MISCELLANEOUS

34. In the Khadi and Village Industries Commission Act, 1956, in Chapter V, before section 25, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:— Amend-
ment of
Act 61 of
1956

43 of 1961. “24A. Notwithstanding anything contained in the Income-tax Act, 1961, the Commission shall not be liable to pay any income-tax on its income, profits or gains”. Exemption
from
liability
to pay
income-
tax.

35. In section 23 of the Finance Act, 1973, for the words “four previous years”, the words “six previous years” shall be substituted. Amend-
ment of
Act 21 of
1973.

36. In the Compulsory Deposit Scheme (Income-tax Payers) Act, 1974,— Amend-
ment of
Act 38 of
1974

(a) in section 3,—

(i) in sub-section (1), for the words, figures and letters “for the assessment year commencing on the 1st day of April, 1975, the assessment year commencing on the 1st day of April, 1976 and the assessment year commencing on the 1st day of April, 1977.”, the words, figures, letters and brackets “for the assessment year commencing on the 1st day of April, 1975 and every subsequent assessment year (not being an assessment year commencing on or after the 1st day of April, 1980).” shall be substituted;

(u) after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of September, 1977, namely:—

“(3) Notwithstanding anything contained in sub-section (1),—

(a) an individual specified in sub-clause (i) of clause (a) of sub-section (2), or

(b) any person specified in clause (b) of sub-section (2) who is assessable under the Income-tax Act in respect of the total income of the individual aforesaid,

shall not be liable to make any compulsory deposit for any assessment year where, in either case, such individual is more than seventy years of age on the first day of the financial year immediately preceding that assessment year.”;

(b) in section 4, in sub-section (1), for clause (u), the following clause shall be substituted, namely:—

“(u) for the assessment year commencing on the 1st day of April, 1977 and every subsequent assessment year (not being an assessment year commencing on or after the 1st day of April, 1980), at the rates specified in Paragraph B of the Schedule.”.

Amend-
ment of
Act 47 of
1974.

37. In the Oil Industry (Development) Act, 1974, in Chapter V, before section 23, the following section shall be inserted and shall be deemed always to have been inserted, namely:—

Exemp-
tion from
liability
to pay
income-
tax.

“22A. Notwithstanding anything contained in the Income-tax Act, 1961, the Board shall not be liable to pay any income-tax on its income, profits or gains.”.

43 of 1961.

Amend-
ment of
Act 8 of
1978.

38. In the Voluntary Disclosure of Income and Wealth Act, 1976, with effect from the 1st day of April, 1976,—

(a) in section 14,—

(i) in sub-section (5), in the *Explanation*, for the words “For the purposes of this sub-section”, the words, brackets, figure and letter “For the purposes of this sub-section and sub-section (5A)” shall be deemed to have been substituted;

(u) after sub-section (5), the following sub-sections shall be deemed to have been inserted, namely:—

“(5A) A declarant who has not paid, in accordance with the provisions of section 5, the tax chargeable in respect of the income of the previous year or years for which the declaration has been made shall, notwithstanding anything contained in sub-section (5), be entitled to the immunity provided under sub-section (1) if, before the 1st day of January, 1978, the declarant—

(i) pays the amount of such tax remaining unpaid;
and

(ii) pays simple interest at the rate of twelve per cent. per annum on the amount of such tax remaining unpaid on the 31st day of March, 1976, from the 1st day of April, 1976 to the date of payment of such tax.

(5B) The provisions of the Income-tax Act and any rules made thereunder shall, so far as may be, apply to the interest payable under sub-section (5A) as if such interest were interest payable under sub-section (2) of section 220 of that Act.”;

(iii) in sub-section (6), for the words, figures and brackets “in accordance with the provisions of section 5, read with sub-section (5) of this section”, the words, figures, brackets and letter “in accordance with the provisions of section 5, read with sub-section (5) or, as the case may be, in accordance with the provisions of sub-section (5A)” shall be deemed to have been substituted;

(b) in section 15,—

(i) in sub-section (5), in the *Explanation*, for the words “For the purposes of this sub-section”, the words, brackets, figure and letter “For the purposes of this sub-section and sub-section (5A)” shall be deemed to have been substituted;

(ii) after sub-section (5), the following sub-sections shall be deemed to have been inserted, namely:—

“(5A) A declarant—

(a) who has not paid, in accordance with the provisions of section 5, the wealth-tax chargeable in respect of the net wealth for the assessment year or years for which the declaration has been made; or

(b) who has not invested in the securities referred to in sub-section (3) of section 3 within the time specified in sub-section (4) of section 5 the sum specified in sub-section (6), or

(c) who has neither so paid such wealth-tax nor so invested such sum,
shall, notwithstanding anything contained in sub-section (5), be entitled to the immunity provided under sub-section (1), if the declarant—

(i) in a case falling under clause (a), pays before the 1st day of January, 1978 (hereafter in this sub-section referred to as the said date) the amount of such wealth-tax remaining unpaid and also simple interest at the rate of twelve per cent per annum on the amount of such wealth-tax remaining unpaid on the 31st day of March, 1976, from the 1st day of April, 1976 to the date of payment of such wealth-tax;

(ii) in a case falling under clause (b), invests before the said date in the securities aforesaid the sum specified in sub-section (6) or as the case may be, the amount which falls short of the sum required to be invested;

(iii) in a case falling under clause (c), pays before the said date the amount of such wealth-tax remaining unpaid and also simple interest at the rate of twelve per cent per annum on the amount of wealth-tax remaining unpaid on the 31st day of March, 1976, from the 1st day of April, 1976 to the date of payment of such wealth-tax and invests before the said date in the securities aforesaid the sum specified in sub-section (6) or, as the case may be, the amount which falls short of the sum required to be invested.

(5B) The provisions of the Wealth-tax Act and any rules made thereunder shall, so far as may be, apply to the interest payable under sub-section (5A) as if such interest were interest payable under sub-section (2) of section 31 of the Wealth-tax Act”;

(iii) in sub-section (7), for the words, figures and brackets “in accordance with the provisions of section 5, read with sub-section (5) of this section”, the words, figures, brackets and letter “in accordance with the provisions of section 5, read with sub-section (5) or, as the case may be, in accordance with the provisions of sub-section (5A)” shall be deemed to have been substituted.

Amendment of Income-tax Act, etc., to provide for a new appellate authority thereunder.

39. (1) The amendments directed in the Fifth Schedule, being amendments to provide for a new appellate authority under the Income-tax Act, the Wealth-tax Act, 1957, the Gift-tax Act, 1958, the Companies (Profits) Surtax Act, 1964 and the Interest-tax Act, 1974 and for matters connected therewith, shall be made in the said Acts

27 of 1957.
18 of 1958.
7 of 1964.
45 of 1974

(2) For the removal of doubts it is hereby declared that any action required to be taken, after the commencement of this section, in relation to any appeal disposed of by an Appellate Assistant Commissioner or a Commissioner before such commencement, under any Act referred to in sub-section (1), may be taken as if the amendments directed to be made in that Act by sub-section (1) had not been made.

(3) This section shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Power to exempt feature films, etc., from payment of excise duty.

40. (1) The Central Government may, by notification in the Official Gazette, exempt retrospectively from a date not earlier than the 18th day of June, 1977, subject to such conditions as may be specified in the notification, cinematograph films, exposed, falling under Item No. 37 in the First Schedule to the Central Excises Act, from the whole or any part of the duty leviable thereon under that Act.

(2) The provisions of the Central Excises Act and the rules made thereunder shall apply in relation to any notification issued under sub-section (1) as they apply in relation to any notification issued under rule 8 of the said rules.

Repeal

41 Sections 2 and 4 of the Finance Act, 1977 are hereby repealed and shall be deemed never to have been enacted.

11 of 1977.

THE FIRST SCHEDULE

(See section 2)

PART I

INCOME-TAX AND SURCHARGE ON INCOME-TAX

*Paragraph A**Sub-Paragraph I*

In the case of every individual or Hindu undivided family or un-registered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vi) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	<i>Nil</i> ,
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs 15,000	15 per cent. of the amount by which the total income exceeds Rs 8,000;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,050 <i>plus</i> 18 per cent of the amount by which the total income exceeds Rs 15,000;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs 25,000	Rs. 1,950 <i>plus</i> 25 per cent of the amount by which the total income exceeds Rs 20,000;
(5) where the total income exceeds Rs 25,000 but does not exceed Rs 30,000	Rs. 3,200 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 25,000;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 4,700 <i>plus</i> 40 per cent of the amount by which the total income exceeds Rs. 30,000;
(7) where the total income exceeds Rs. 50,000 but does not exceed Rs 70,000	Rs. 12,700 <i>plus</i> 50 per cent of the amount by which the total income exceeds Rs 50,000;
(8) where the total income exceeds Rs 70,000 but does not exceed Rs. 1,00,000	Rs. 22,700 <i>plus</i> 55 per cent of the amount by which the total income exceeds Rs. 70,000;
(9) where the total income exceeds Rs. 1,00,000	Rs. 39,200 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 1,00,000

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1977 exceeds Rs. 8,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	18 per cent. of the amount by which the total income exceeds Rs. 8,000;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,260 <i>plus</i> 25 per cent. of the amount by which the total income exceeds Rs. 15,000;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,510 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,010 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,010 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(7) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 16,010 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 50,000;
(8) where the total income exceeds Rs. 70,000	Rs. 27,010 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 70,000

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 <i>plus</i> 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000.	Rs. 4,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 20,000

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for

purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs 10,000	Nil;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs 10,000;
(3) where the total income exceeds Rs 25,000 but does not exceed Rs. 50,000	Rs 750 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs 50,000 but does not exceed Rs 1,00,000	Rs 2,500 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs 1,00,000	Rs. 10,000 <i>plus</i> 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	Nil,
(2) where the total income exceeds Rs 10,000 but does not exceed Rs 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs 25,000 but does not exceed Rs 50,000	Rs 600 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs 2,350 <i>plus</i> 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs 1,00,000	Rs 8,850 <i>plus</i> 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for

purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Explanation.—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested,—

(i) in a case where the total income does not exceed Rs. 1,00,000 45 per cent. of the total income;

(ii) in a case where the total income exceeds Rs. 1,00,000 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested,—

(i) in the case of an industrial company,—

(a) where the total income does not exceed Rs 2,00,000 55 per cent. of the total income;

(b) where the total income exceeds Rs. 2,00,000 60 per cent. of the total income;

(ii) in any other case 65 per cent of the total income:

Provided that—

(i) the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs 1,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income

included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs 1,00,000;

(ii) the income-tax payable by a domestic company, not being a company in which the public are substantially interested, which is an industrial company and the total income of which exceeds Rs. 2,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs 2,00,000 (the income of Rs 2,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 2,00,000.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent of such income-tax.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194D and 195 of the Income-tax Act, tax is to be deducted at the

rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Income-tax	
	Rate of income-tax	Rate of surcharge
1. In the case of a person other than a company—		
(a) where the person is resident in India—		
(i) on income by way of interest other than "Interest on securities"	10 per cent.	Nil;
(ii) on income by way of winnings from lotteries and crossword puzzles	30 per cent.	4.5 per cent.;
(iii) on income by way of insurance commission	10 per cent.	Nil;
(iv) on any other income (excluding interest payable on a tax-free security)	20 per cent.	3 per cent.;
(b) where the person is not resident in India—		
(i) on the whole income (excluding interest payable on a tax-free security)	income-tax at 30 per cent. and surcharge at 4.5 per cent. of the amount of the income, or income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;	
(ii) on income by way of interest payable on a tax-free security	15 per cent.	2.25 per cent.
2. In the case of a company—		
(a) where the company is a domestic company—		
(i) on income by way of interest other than "Interest on securities"	20 per cent.	1 per cent.;
(ii) on any other income (excluding interest payable on a tax-free security)	22 per cent.	1 per cent.;
(b) where the company is not domestic company—		
(i) on income by way of dividends payable by any domestic company	25 per cent.	Nil;

	Income-tax	
	Rate of income-tax	Rate of surcharge
(u) on income by way of royalty payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern	40 per cent.	Nil;
(u) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (u)] payable by an Indian concern in pursuance of an agreement made by it with the Indian concern and which has been approved by the Central Government,—		
(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.	25 per cent.;
(B) where the agreement is made after the 31st day of March, 1976—		
(1) on so much of the amount of such income as consists of lump sum consideration for the transfer outside India of, or the imparting of information outside India in respect of, any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, or trade mark or similar property	20 per cent.	Nil;
(2) on the balance, if any, of such income	40 per cent.	Nil;
(iv) on income by way of fees for technical services payable by an Indian concern in pursuance of an agreement made by it with the Indian concern and which has been approved by the Central Government—		
(A) where the agreement is made after the 29th day	50 per cent.	2.5 per cent.;

	Income-tax	
	Rate of income-tax	Rate of surcharge
of February, 1964 but before the 1st day of April, 1976		
(B) where the agreement is made after the 31st day of March, 1976	40 per cent.	NIL;
(v) on income by way of interest payable on a tax-free security	44 per cent.	2.2 per cent.;
(vi) on any other income	70 per cent.	3.5 per cent.

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under Chapter XII or section 164 of the Income-tax Act at the rates as specified in that Chapter or section), shall be so calculated, charged, deducted or computed at the following rate or rates:—

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 8,000 | Nil; |
| (2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000 | 15 per cent. of the amount by which the total income exceeds Rs. 8,000; |
| (3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,050 plus 18 per cent. of the amount by which the total income exceeds Rs. 15,000; |
| (4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 1,950 plus 25 per cent. of the amount by which the total income exceeds Rs. 20,000; |

(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,200 plus 30 per cent. of the amount by which the total income exceeds Rs. 25,000;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 4,700 plus 40 per cent. of the amount by which the total income exceeds Rs. 30,000;
(7) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 12,700 plus 50 per cent. of the amount by which the total income exceeds Rs. 50,000;
(8) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000	Rs. 22,700 plus 55 per cent. of the amount by which the total income exceeds Rs. 70,000;
(9) where the total income exceeds Rs. 1,00,000	Rs. 39,200 plus 60 per cent. of the amount by which the total income exceeds Rs. 1,00,000;

Provided that for the purposes of this Sub-Paragraph,—

(i) no income-tax shall be payable on a total income not exceeding Rs. 10,000;

(ii) where the total income exceeds Rs. 10,000 but does not exceed Rs. 10,540, the income-tax payable thereon shall not exceed seventy per cent of the amount by which the total income exceeds Rs. 10,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1978 exceeds Rs. 10,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	Nil;
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	18 per cent. of the amount by which the total income exceeds Rs. 8,000;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,260 plus 25 per cent. of the amount by which the total income exceeds Rs. 15,000;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,510 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,010 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,010 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;

(7) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 16,010 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 50,000;
(8) where the total income exceeds Rs. 70,000	Rs. 27,010 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 70,000;

Provided that for the purposes of this Sub-Paragraph,—

(i) no income-tax shall be payable on a total income not exceeding Rs. 10,000;

(ii) where the total income exceeds Rs. 10,000 but does not exceed Rs. 10,690, the income-tax payable thereon shall not exceed seventy per cent. of the amount by which the total income exceeds Rs. 10,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 <i>plus</i> 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;

(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 10,000 <i>plus</i> 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 <i>plus</i> 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 8,850 <i>plus</i> 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax

Explanation.—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested,—

(i) in a case where the total income does not exceed Rs. 1,00,000	45 per cent. of the total income;
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(ii) in a case where the total income exceeds Rs. 1,00,000	55 per cent. of the total income;
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(2) where the company is not a company in which the public are substantially interested,—

(i) in the case of an industrial company,—

(a) where the total income does not exceed Rs. 2,00,000	55 per cent. of the total income;
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(b) where the total income exceeds Rs. 2,00,000	60 per cent. of the total income;
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(ii) in any other case	65 per cent. of the total income;
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Provided that—

(i) the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000;

(ii) the income-tax payable by a domestic company, not being a company in which the public are substantially interested, which is an industrial company and the total income of which exceeds Rs. 2,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 2,00,000 (the income of Rs. 2,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 2,00,000.

II. In the case of a company other than a domestic company,--

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART IV

[See section 2(7) (e)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1—Agricultural income of the nature referred to in sub-clause (a) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 34, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (c) of clause (1) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of

the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of the said section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letter "and before making any deduction under Chapter VIA" shall be omitted.

Rule 4—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 9.—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1977, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974 or the 1st day of April, 1975 or the 1st day of April, 1976, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975 or the 1st day of April, 1976,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, and

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1977.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974 or the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977, is a loss, then, for the purposes of sub-section (6) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, or the 1st day of April, 1977,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the

extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, and

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or the period aforesaid.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules, or the rules contained in Part IV of the First Schedule to the Finance Act, 1974, or of the First Schedule to the Finance Act, 1975, or of the First Schedule to the Finance Act, 1976, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

20 of 1974.
25 of 1975.
66 of 1976.

Rule 10.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 11.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12.—For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

(See section 31)

PART I

In the First Schedule to the Customs Tariff Act,—

(i) in sub-heading No. (3) of Heading No. 37 01/08, for the entry in column (3), the entry “40% *ad valorem*” shall be substituted;

(ii) in Heading No. 51.01/03, for the entry in column (3), the entry "100% plus Rs. 30 per kilogram" shall be substituted;

(iii) in sub-heading No. (2) of Heading No. 53.01/05, for the entry in column (3), the entry "60%" shall be substituted;

(iv) in Heading No. 56.01/04, for the entry in column (3), the entry "140%" shall be substituted;

(v) in Heading No. 56.05/06, for the entry in column (3), the entry "100% plus Rs. 30 per kilogram" shall be substituted;

(vi) in Heading No. 69.09, for the entry in column (3), the entry "100%" shall be substituted;

(vii) in sub-heading No. (2) of Heading No. 76.03/04, for the entry in column (3), the entry "100%" shall be substituted;

(viii) in sub-heading No. (1) of Heading No. 84.51/55, for the entry in column (3), the entry "100%" shall be substituted;

(ix) in Heading No. 85.01,—

(1) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (3), for the entry in column (3), the entry "100%" shall be substituted;

(x) in Heading No. 85.13, for the entry in column (3), the entry "100%" shall be substituted;

(xi) in Heading No. 85.14, for the entry in column (3), the entry "100%" shall be substituted;

(xii) in sub-heading No. (1) of Heading No. 85.15, for the entry in column (3), the entry "100%" shall be substituted;

(xiii) in Heading No. 85.18/27,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(xiv) in Heading No. 100.01, in column (2), for the words "All dutiable articles imported by a passenger as baggage", the words "All dutiable articles imported by a passenger, or a member of the crew, as baggage" shall be substituted.

PART II

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)

In the First Schedule to the Customs Tariff Act,—

(i) for Heading No. 85.02, the following Heading shall be substituted, namely:—

“85.02 Electro-magnets; permanent magnets and articles of special materials for permanent magnets, being blanks of such magnets; electromagnetic and permanent magnet chucks, clamps, vices and similar work holders, electromagnetic clutches and couplings; electromagnetic brakes; electromagnetic lifting heads:					
(1) Not elsewhere specified	40%	—	—	—	
(2) Ferrite permanent magnets and articles of ferrite for permanent magnets, being blanks of such magnets	100%	—	—	—	”;

(ii) for Heading No. 90.29, the following Heading shall be substituted, namely:—

“90.29 Parts or accessories suitable for use solely or principally with one or more of the articles falling within Heading No. 90.23, 90.24, 90.26, 90.27 or 90.28:					
(1) Not elsewhere specified	Rate of duty applicable to the main article of which they are parts or accessories.				
(2) Parts or accessories, containing thermionic valves or transistors or similar semiconductor devices or electronic microcircuits or capacitors other than paper capacitors	100%	—	—	—	”.

THE THIRD SCHEDULE

(See section 32)

PART I

In the First Schedule to the Central Excises Act,—

(i) in Item No. 1A, for the entry in the second column against sub-item (1), the entry "Chewing gums" shall be substituted;

(ii) in Item No. 1C, for the entry in the second column against sub-Item (2), the entry "Butter, whether pasteurised or not." shall be substituted;

(iii) in Item No. 4,—

(a) under "I. *Unmanufactured tobacco*—", for each of the entries in the third column against sub-Items (1), (3) and (4), the entry "Twenty rupees" shall be substituted,

(b) under "II. *Manufactured tobacco*—", for the entries in the third column against sub-Items (1), (2), (3) (i), (3) (ii) and (4), the entries "One hundred and seventy per cent *ad valorem*", "Two hundred and seventy per cent. *ad valorem*.", "Four rupees and sixty paise per thousand", "One rupee and sixty paise per thousand." and "Two hundred and twenty per cent. *ad valorem*" shall, respectively, be substituted,

(iv) in Item No. 14C, for the entry in the third column, the entry "Fifteen per cent. *ad valorem*." shall be substituted;

(v) in Item No. 14D, for the entry in the third column, the entry "Thirty per cent *ad valorem*" shall be substituted;

(vi) in Item No. 14DD, for the entry in the third column, the entry "Twenty-five per cent. *ad valorem*." shall be substituted;

(vii) in Item No. 14F, for the entry in the third column, the entry "Sixty per cent *ad valorem*" shall be substituted;

(viii) in Item No. 16A, for the entries in the third column against sub-Items (1), (2), (3) and (4), the entries "Fifty per cent. *ad valorem*.", "Thirty-six per cent. *ad valorem*.", "Twenty-four per cent. *ad valorem*." and "Twenty-four per cent *ad valorem*." shall, respectively, be substituted,

(ix) in Item No. 16AA, for the entry in the third column, the entry "Five per cent *ad valorem*" shall be substituted;

(x) in Item No. 16B, for the entry in the third column against sub-Item (ii), the entry "Twenty-seven and half per cent. *ad valorem*." shall be substituted;

(xi) in Item No. 17, for the entry in the third column against sub-Item (2), the entry "Forty per cent *ad valorem*" shall be substituted;

(xii) in Item No. 23, for the entry in the third column against sub-Item (2), the entry "Forty per cent. *ad valorem*" shall be substituted;

(xiii) in Item No. 26, for the entry in the third column, the entry "Three hundred and fifty rupees per metric tonne." shall be substituted;

(xiv) in Item No. 26A, for the entries in the third column against sub-Items (1), (1a), (2) and (3), the entries "Five thousand six hundred rupees per metric tonne.", "Five thousand six hundred rupees per metric tonne.", "Six thousand three hundred rupees per metric tonne." and "Twenty-eight per cent. *ad valorem*." shall, respectively, be substituted;

(xv) in Item No. 26AA, for the entries in the third column against sub-Items (i), (ia), (ii), (iii), (iv) and (v), the entries "Three hundred and fifty rupees per metric tonne", "Three hundred and fifty rupees per metric tonne.", "One thousand three hundred and fifty rupees per metric tonne.", "One thousand three hundred and fifty rupees per metric tonne.", "One thousand rupees per metric tonne *plus* the excise duty for the time being leviable on pig iron or steel ingots, as the case may be." and "Seven hundred and fifty rupees per metric tonne." shall, respectively, be substituted;

(xvi) in Item No. 26B, for the entries in the third column against sub-Items (1), (2) and (3), the entries "Two thousand six hundred and twenty-five rupees per metric tonne.", "Three thousand one hundred and fifty rupees per metric tonne" and "Thirty-five per cent. *ad valorem*." shall, respectively, be substituted;

(xvii) in Item No. 27,—

(a) for the entry in the second column against sub-Item (b), the following entry shall be substituted, namely:—

"Manufactures, the following, namely, plates, sheets, circle, strips, shapes and sections, in any form or size, not otherwise specified",

(b) for each of the entries in the third column against sub-Items (a) (i), (a) (ii), (b), (c), (d), (e) and (f), the entry "Fifty per cent *ad valorem plus* two thousand rupees per metric tonne." shall be substituted;

(xviii) in Item No. 33A,—

(a) in the second column, for the words and brackets "AND TAPE RECORDERS (INCLUDING CASSETTE RECORDERS AND TAPE DECKS)", the words and brackets " , TAPE RECORDERS (INCLUDING CASSETTE RECORDERS AND TAPE DECKS) AND TAPE PLAYERS (INCLUDING CASSETTE PLAYERS)" shall be substituted,

(b) for the entry in the second column against sub-Item (3), the entry "Radiograms (including radio or transistor sets with extra space in cabinet for fitting in record players or record changers)." shall be substituted,

(c) for each of the entries in the third column against sub-Items (2), (3) and (4), the entry "Thirty-five per cent. *ad valorem*." shall be substituted;

(xix) Item No. 47 shall be omitted;

(xx) Item No. 59 shall be omitted;

(xxi) in Item No. 68, for the entry in the third column, the entry "Two per cent. *ad valorem*." shall be substituted.

PART II

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

In the First Schedule to the Central Excises Act,—

(i) for Item No. 1D, the following Item shall be substituted, namely:—

"1D AERATED WATERS, WHETHER OR NOT FLAVOURED OR SWEETENED AND WHETHER OR NOT CONTAINING VEGETABLE OR FRUIT JUICE OR FRUIT PULP—

(1) Aerated waters which are only charged with carbon dioxide gas under pressure and which contain no other added ingredient.

Twenty-five per cent. *ad valorem*.

(2) All others.

Fifty-five per cent. *ad valorem*."

(ii) for Item No. 14, the following Item shall be substituted, namely:—

"14 PIGMENTS, COLOURS, PAINTS, ENAMELS, VARNISHES, BLACKS AND CELLULOSE LACQUERS—

I. (1) Pigments, colours, paints and enamels—

(i) Aluminium paste.

Ten per cent *ad valorem*

(ii) Pigments and colours, not otherwise specified.

Five per cent. *ad valorem*.

(2) Water paints—

(i) Dry distemper including cement based water paints.

Ten per cent. *ad valorem*.

(ii) Oil-bound distemper.

Fifteen per cent. *ad valorem*

(iii) Water pigment finishes for leather.

Ten per cent. *ad valorem*.

(iv) Plastic emulsion paints

Fifteen per cent. *ad valorem*.

(3) Oil paints and enamels—

(i) Tinting paste (Blue).

Ten per cent. *ad valorem*.

(ii) Stiff paints.

Fifteen per cent *ad valorem*

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
(iii)	Ready-mixed paints and enamels.	Fifteen per cent <i>ad valorem</i> .
(4)	Dispersed organic pigments ordinarily used for the printing of textiles, whether in the form of powder, paste, or in emulsion.	Ten per cent. <i>ad valorem</i> .
(5)	Paints and enamels, not otherwise specified.	Fifteen per cent. <i>ad valorem</i> .
II. Varnishes and blacks—		
(i)	Varnishes.	Fifteen per cent. <i>ad valorem</i> .
(ii)	Bituminous and coal-tar blacks.	Five per cent. <i>ad valorem</i> .
III. Cellulose lacquers—		
(i)	Nitrocellulose lacquers, clear and pigmented and nitro-cellulose ancillaries in liquid, semisolid or pasty form.	Fifteen per cent. <i>ad valorem</i> .
(ii)	Cellulose lacquers, not otherwise specified.	Fifteen per cent. <i>ad valorem</i> .
<i>Explanation</i> .—This Item does not include carbon black.”;		
(iii) for Item No. 14H, the following Item shall be substituted, namely:—		
“14H. GASES, INCLUDING LIQUEFIED OR SOLIDIFIED GASES, THE FOLLOWING, NAMELY:—		
(i)	Oxygen.	Twelve per cent. <i>ad valorem</i> .
(ii)	Chlorine.	Twelve per cent. <i>ad valorem</i> .
(iii)	Ammonia.	Twelve per cent. <i>ad valorem</i> .
(iv)	Carbonic acid (Carbon dioxide).	Rupee one and twenty paise per kilogram.
(v)	Refrigerant gases, not otherwise specified, such as sulphur dioxide and freon.	Twenty-four per cent. <i>ad valorem</i> .
(vi)	Acetylene (whether in dissolved condition or not).	Twelve per cent. <i>ad valorem</i> .”;

Item No.	Description of goods	Rate of duty
	(2)	(3)

(iv) for Item No. 15A, the following Item shall be substituted, namely:—

**15A. ARTIFICIAL OR SYN-
THETIC RESINS AND
PLASTIC MATERIALS
AND CELLULOSE ES-
TERS AND ETHERS, AND
ARTICLES THEREOF—**

(1) The following artificial or synthetic resins and plastic materials, and cellulose esters and ethers, in any form, whether solid, liquid or pasty, or as powder, granules or flakes, or in the form of moulding powders, namely:—

Fifty per cent. *ad valorem*.

(i) Condensation, Polycondensation and Polyaddition products, whether or not modified or polymerised, and whether or not linear such as Phenoplasts, Aminoplasts, Alkyds, Polyamides, Super-Polyamides, Polyesters, Polyallyl esters, Polycarbonates, Polyethers, Polyethylene imines, Polyurethanes, Epoxide resins and Silicones;

(ii) Polymerisation and Copolymerisation products such as Polyethylene, Polytetrahydroethylenes, Polyisobutylene, Polystyrene, Polyvinyl chloride, Polyvinyl acetate, Polyvinyl chloroacetate and other polyvinyl derivatives, Polyacrylic and Polymethacrylic derivatives and Coumarone—Indene Resins; and

(iii) Cellulose acetate (including Cellulose diacetate or Cellulose triacetate), Cellulose acetate butyrate and Cellulose propionate, Cellulose acetate propionate, Ethylcellulose and Benzylcellulose, whether plasticised or not, and plasticised Cellulose nitrate.

(2) Articles made of plastics, all sorts, including tubes, rods, sheets, foils, sticks, other rectangular or profile shapes, whether laminated or not, and whether

Fifty per cent *ad valorem*.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

rigid or flexible, including lay-flat tubings, and polyvinyl chloride sheets, not otherwise specified.

(3) Polyurethane foam. Seventy per cent. *ad valorem*.

(4) Articles made of polyurethane foam. Seventy per cent. *ad valorem*.

Explanation.—For the purpose of sub-Item (2), “plastics” means the various artificial or synthetic resins or plastic materials or cellulose esters and others included in sub-Item (1).’;

(v) after Item No. 15C, the following Item shall be inserted, namely:—

“15D. POLISHES AND CREAMS FOR FOOTWEAR, FURNITURE, FLOORS, LEATHER, METALS, MOTOR VEHICLES AND GLASS; SCOURING POWDERS AND PASTES.	Ten per cent. <i>ad valorem</i> .
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Explanation.—This Item does not include French Polish.”;

(vi) for Item No. 18, the following Item shall be substituted, namely:—

‘18. I. MAN-MADE FIBRES, OTHER THAN MINERAL FIBRES—

(i) Non-cellulosic Eighty-five rupees per kilogram.

(ii) Cellulosic. Four rupees per kilogram.

II. MAN-MADE FILAMENT YARNS—

(i) Non-cellulosic—

(a) other than textured. Eighty-five rupees per kilogram.

(b) textured Ninety-five rupees per kilogram.

Explanation.—“Textured Yarn” means yarn that has been processed to introduce crimps, coils, loops or curls along the length of the filaments and shall include bulked yarn and stretch yarn.

(u) Cellulosic. Twenty rupees per kilogram.

(w) Metallized Eighty-five rupees per kilogram.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

III. CELLULOSIC SPUN YARN—

Yarn, in which man-made fibre of cellulosic origin predominates in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power—

(i) not containing, or containing not more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content. 55 paise per count per kilogram.

(ii) containing more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content. Eighteen rupees per kilogram.

Explanation I.—"Count" means the size of grey yarn (excluding any sizing material) expressed in English Count

Explanation II.—For multiple fold yarn, "count" means the count of the basic single yarn.

Explanation III.—Where two or more of the following fibres, that is to say,—

- (a) man-made fibre of cellulosic origin;
- (b) cotton;
- (c) wool or acrylic fibre, or both;
- (d) silk (including silk noil);
- (e) jute (including Bimlipatam jute or mesta fibre);
- (f) man-made fibre of non-cellulosic origin, other than acrylic fibre;
- (g) flax;
- (h) ramie,

in any yarn are equal in weight, then, such one of those fibres, the predominance of which would render such yarn fall under that sub-Item or Item (hereafter in this *Explanation* referred to as the applicable sub-Item or Item), among the sub-Items and Items Nos 18III, 18A, 18B, 18C, 18D, 18E, 18FI and 18FII, which, read with the relevant notification, if any, for the time being in force issued under the Central Excise Rules, 1944, involves the highest amount of duty, shall be deemed to be predominant in such yarn and accordingly such yarn shall be deemed to fall under the applicable sub-Item or Item, as the case may be.;

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

(vi) for Item No. 18A, the following Item shall be substituted, namely:—

‘18A. COTTON YARN, ALL SORTS—

Yarn, in which cotton predominates in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power—

(i) not containing, or containing not more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content. 5.5 paise per count per kilogram.

(ii) containing more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content. Eighteen rupees per kilogram.

Explanation.—

(1) “Cotton yarn” shall include cotton twist and thread.

(2) Cotton yarn, twist or thread, all sorts, whether sized or unsized, in all forms including skeins, hanks, cops, cones, bobbins, pirns, spools, reels, cheeses, balls or on warp beams shall be deemed to be included under this Item.

(3) *Explanations I, II and III* under sub-Item III of Item No. 18, shall, so far as may be, apply in relation to this Item as they apply in relation to that Item.’

(viii) for Item No. 18B, the following Item shall be substituted, namely:—

“18B. WOOLLEN AND ACRYLIC SPUN YARN—

Yarn, in which wool or acrylic fibre or both predominates or predominate in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power—

(i) not containing or containing not more than one-sixth by weight of non-cellulosic fibre (other than acrylic fibre) calculated on the total fibre content. Twenty rupees per kilogram

(ii) containing more than one-sixth by weight of non-cellulosic fibre (other than acrylic fibre) calculated on the total fibre content. Eighteen rupees per kilogram.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

Explanation I.—Woollen and acrylic spun yarn shall be deemed to include woollen and acrylic knitting yarn.

Explanation II.—*Explanation III* under sub-Item III of Item No. 18 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;

(ix) for Item No. 18C, the following Item shall be substituted, namely:—

“18C. SILK YARN, ALL SORTS—

Yarn, in which silk (including silk noil) predominates in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power—

(i) not containing or containing not more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content.

Twenty per cent. *ad valorem*.

(ii) containing more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content.

Eighteen rupees per kilogram.

Explanation.—*Explanation III* under sub-Item III of Item No. 18 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;

(x) for Item No. 18D, the following Item shall be substituted, namely:—

18D. JUTE YARN, ALL SORTS—

Yarn, in which jute (including Bimlipatam jute or mesta fibre) predominates in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.

Rupees six hundred per metric tonne.

Explanation I.—“Jute yarn” shall include jute twist, thread, rope and twine.

Explanation II.—*Explanation III* under sub-Item III of Item No. 18 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

(xi) for Item No. 18E, the following Item shall be substituted, namely:—

“18E. NON-CELLULOSIC SPUN YARN—

Spun (discontinuous) yarn, in which man-made fibres of non-cellulosic origin, other than acrylic fibre, predominate in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.

Twenty-four rupees per kilogram.

Explanation.—*Explanation III* under sub-Item III of Item No. 18 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;

(xii) after Item No. 18E, the following Item shall be inserted, namely:—

“18F. I. FLAX YARN—

Yarn, in which flax predominates in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power—

(i) not containing or containing not more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content.

55 paise per count per kilogram.

(ii) containing more than one-sixth by weight of non-cellulosic fibre calculated on the total fibre content.

Eighteen rupees per kilogram.

II. RAMIE YARN—

Yarn, in which ramie predominates in weight and, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power

Eighteen rupees per kilogram.

Explanation.—*Explanations I, II and III* under sub-Item III of Item No. 18 shall, so far as may be, apply in relation to this Item as they apply in relation to that Item.”;

Item No	Description of goods	Rate of duty
(1)	(2)	(3)

(xiii) in Item No. 19,—

(a) in column (2), for the portion beginning with the words ‘“Cotton fabrics” means all varieties of fabrics’ and ending with the words “which are embroidered or impregnated, coated or laminated, as the case may be—”, the following shall be substituted, namely:—

“Cotton fabrics” means all varieties of fabrics manufactured either wholly or partly from cotton and includes dhories, sarees, chadders, bed-sheets, bed-spreads, counterpanes, table-cloths, embroidery in the piece, in strips or in motifs and fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other artificial plastic materials, if (i) in such fabrics cotton predominates in weight, or (ii) such fabrics contain more than 40 per cent. by weight of cotton and 50 per cent. or more by weight of non-cellulosic fibres or yarn or both:

Provided that in the case of embroidery in the piece, in strips, or in motifs and fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other artificial plastic materials, such predominance or percentages, as the case may be, shall be in relation to the base fabrics which are embroidered or impregnated, coated or laminated, as the case may be—’;

(b) for sub-Item I, the following sub-Item shall be substituted, namely:—

“I Cotton fabrics other than (i) embroidery in the piece, in strips or in motifs, and (ii) fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other artificial plastic materials.

Twenty per cent *ad valorem*.”

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

(c) for *Explanation II*, the following *Explanation* shall be substituted, namely:—

“Explanation II.—Where two or more of the following fibres, that is to say,

- (a) man-made fibre of cellulosic origin;
- (b) cotton;
- (c) wool;
- (d) silk (including silk noil);
- (e) jute (including Bimlipatam jute or mesta fibre);
- (f) man-made fibre of non-cellulosic origin;
- (g) flax;
- (h) ramie,

in any fabric are equal in weight, then, such one of those fibres the predominance of which would render such fabric fall under that Item (hereafter in this *Explanation* referred to as the applicable Item) among the Items Nos. 19, 20, 21, 22, 22A and 22AA, which, read with the relevant notification, if any, for the time being in force issued under the Central Excise Rules, 1944, involves the highest amount of duty, shall be deemed to be predominant in such fabric and accordingly such fabric shall be deemed to fall under the applicable Item.”;

(d) *Explanation III* shall be omitted;

(xiv) in Item No. 20,—

(a) in column (2), for the portion beginning with the words “but does not include any such fabric—” and ending with the words “shall be in relation to the base fabrics which are embroidered—”, the following shall be substituted, namely:—

“, in each of which silk (including silk noil) predominates in weight and which is not manufactured on handloom:

Provided that in the case of embroidery in the piece, in strips or in motifs, such predominance shall be in relation to the base fabrics which are embroidered—”;

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

(b) the *Explanation* shall be numbered as *Explanation I* and after that *Explanation* as so numbered the following *Explanation* shall be inserted, namely:—

“*Explanation II.*—*Explanation II* under Item No. 19 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;

(xv) in Item No. 21,—

(a) in column (2), for the portion beginning with the words “manufactured wholly of wool” and ending with the words “in relation to the base fabrics which are embroidered—”, the following shall be substituted, namely:—

“in which wool predominates in weight or which contain more than 30 per cent. of wool and 50 per cent. or more of non-cellulosic fibre or yarn or both:

Provided that in the case of embroidery in the piece, in strips or in motifs, such predominance or percentages, as the case may be, shall be in relation to the base fabrics which are embroidered—”;

(b) the *Explanation* shall be numbered as *Explanation I* and after that *Explanation* as so numbered the following *Explanation* shall be inserted, namely:—

“*Explanation II.*—*Explanation II* under Item No. 19 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;

(xx) for Item No 30, the following Item shall be substituted namely:—

‘22. MAN-MADE FABRICS—

“Man-made fabrics” means all varieties of fabrics manufactured either wholly or partly from man-made fibres or yarn and includes embroidery in the piece, in strips or in motifs and fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

artificial plastic materials, in each of which man-made

(i) cellulosic fibre or yarn, or

(ii) non-cellulosic fibre or predominates in weight:

Provided that in the case of embroidery in the piece, in strips or in motifs and fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other artificial plastic materials, such predominance shall be in relation to the base fabrics which are embroidered or impregnated, coated or laminated, as the case may be—

(1) Man-made fabrics other than (i) embroidery in the piece, in strips or in motifs, and (ii) fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other artificial plastic materials.

Twenty per cent. *ad valorem* plus rupees five per square metre.

(2) Embroidery in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.

The duty for the time being leviable on the base fabrics, if not already paid, *plus* twenty per cent. *ad valorem*.

(3) Fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other artificial plastic materials.

The duty for the time being leviable on the base fabrics, if not already paid, *plus* twenty per cent. *ad valorem*.

Explanation I.—"Base fabrics" means fabrics falling under sub-Item (1) of this Item which are subjected to the process of embroidery or which are impregnated, coated or laminated with preparations of cellulose derivatives or of other plastic materials.

Explanation II.—This Item does not include glass fabrics or fabrics falling under Item No. 19 or Item No. 21.

Explanation III.—*Explanation II* under Item No. 19 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
	(xvii) in Item No. 22A—	
	(a) in column (2), for the words, brackets and figures “BUT EXCLUDING ANY SUCH MANUFACTURE—	
	(i) if it contains 40 per cent or more by weight of wool; or	
	(ii) if it contains no wool or less than 40 per cent by weight of wool and less than 50 per cent. by weight of jute (including Bimlipatam jute or mesta fibre)—”,	
	the words and brackets,	
	“, IN WHICH JUTE (INCLUDING BIMLIPATAM JUTE OR MESTA FIBRE) PREDOMINATES IN WEIGHT—”	
	shall be substituted;	
	(b) for the entry in the third column against sub-Item (2), the entry “Six hundred rupees per metric tonne.” shall be substituted;	
	(c) the following <i>Explanation</i> shall be inserted at the end, namely:—	
	“ <i>Explanation.</i> — <i>Explanation II</i> under Item No. 19 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;	
	(xviii) for Item No. 22AA, the following Item shall be substituted, namely:—	
“22AA. (i)	FLAX FABRIC, in which flax predominates in weight.	Fifteen per cent. <i>ad valorem</i> .
(ii)	RAMIE FABRIC, in which ramie predominates in weight.	Fifteen per cent. <i>ad valorem</i> .
	<i>Explanation.</i> — <i>Explanation II</i> under Item No. 19 shall, so far as may be, apply in relation to this Item as it applies in relation to that Item.”;	
	(xix) for Item No. 28, the following Item shall be substituted, namely:—	
“28.	TIN PLATE AND TINNED, LACQUERED OR VARNISHED SHEETS INCLUDING TIN TAGGERS AND CUTTINGS OF SUCH PLATES, SHEETS OR TAGGERS—	
(1)	Tin plate and tinned sheets including tin taggers and cuttings of such plates, sheets or taggers.	One thousand seven hundred and fifty rupees per metric tonne.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
	(2) Lacquered sheets, varnished sheets, including cuttings of lacquered sheets and varnished sheets.	One thousand two hundred and fifty rupees per metric tonne.”;
	(xx) for Item No. 30, the following Item shall be substituted, namely:—	
	“30. ELECTRIC MOTORS, ALL SORTS; AND PARTS THEREOF, NAMELY—	
	A. Motors which operate on alternating current—	
	1. Single phase motors.	Twenty per cent. <i>ad valorem</i> .
	2. Three phase motors—	
	(i) for rated output not exceeding 7.5 Kw continuous rating or, in the case of short time or intermittent rated motors, its equivalent continuous rating,	Fifteen per cent. <i>ad valorem</i> .
	(ii) for rated output exceeding 7.5 Kw continuous rating or, in the case of short time or intermittent rated motors, its equivalent continuous rating.	Ten per cent. <i>ad valorem</i> .
	B. Motors which operate on direct current—	
	(i) with rated output not exceeding 7.5 Kw.	Twenty per cent. <i>ad valorem</i> .
	(ii) with rated output exceeding 7.5 Kw.	Ten per cent. <i>ad valorem</i> .
	C. Motors which are capable of operating on alternating current or on direct current.	Twenty per cent. <i>ad valorem</i> .
	D. Parts of electric motors.	Twenty per cent. <i>ad valorem</i> .
	<i>Explanation I.</i> —In the case of any multi-speed motor, the highest rated output of the motor shall be deemed to be the rated output of the motor.	
	<i>Explanation II.</i> —This Item does not include motors specially designed for use in gramophones or record players and all parts of such motors.”;	
	(xxi) for Item No. 33, the following Item shall be substituted, namely:—	
	“33. ELECTRIC FANS INCLUDING REGULATORS FOR ELECTRIC FANS, ALL SORTS—	
	(1) Table, cabin, carriage, pedestal and air circulator fans, of a diameter not exceeding 40.6 centimetres and regulators therefor.	Fifteen per cent. <i>ad valorem</i> .

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
(2)	Electric fans, designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose, and regulators therefor.	Fifteen per cent. <i>ad valorem</i> .
(3)	Electric fans, not otherwise specified, and regulators therefor.	Twenty per cent. <i>ad valorem</i> .”;

(xxii) after Item No. 33E, the following Item shall be inserted, namely:—

“33F. MUSICAL SYSTEMS COMMERCIALLY KNOWN AS STEREO OR HI-FI SYSTEMS, NAMELY:—

- | | |
|---|---|
| (1) Stereo or hi-fi amplifiers. | Thirty-five per cent. <i>ad valorem</i> . |
| (2) Speakers and speaker systems housed in acoustically designed enclosures which are ordinarily used as attachments with stereo or hi-fi systems, or with radios (including transistor sets), tuners, radiograms, gramophones (including record players) and tape recorders or players (including cassette recorders or players) having in-built stereo devices. | Thirty-five per cent. <i>ad valorem</i> .”; |

(xxiii) for Item No. 34, the following Item shall be substituted, namely:—

“34. MOTOR VEHICLES AND TRACTORS—

I. Motor vehicles—

“Motor vehicles” means all mechanically propelled vehicles, other than tractors, designed for use upon roads—

- | | |
|---|---|
| (1) Two-wheeled and three-wheeled motor vehicles. | Twelve and half per cent. <i>ad valorem</i> . |
|---|---|

- | | |
|---|--|
| (2) Motor vehicles of engine capacity not exceeding 2500 cubic centimetres— | |
|---|--|

- | | |
|-------------------------------|--|
| (i) Motor vehicles with body. | Seventeen and half per cent. <i>ad valorem</i> . |
|-------------------------------|--|

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| (ii) Other motor vehicles (including chassis whether or not with cab). | Twenty per cent. <i>ad valorem</i> . |
|--|--------------------------------------|

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|---|--|
| (3) Motor vehicles of engine capacity exceeding 2500 cubic centimetres. | Seventeen and half per cent. <i>ad valorem</i> . |
|---|--|

- | | |
|--|---------------------------------------|
| II. Tractors, including agricultural tractors. | Fifteen per cent. <i>ad valorem</i> . |
|--|---------------------------------------|

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

Explanation I.—"Motor vehicles" and "Tractors, including agricultural tractors" shall include a chassis and a trailer; but shall not include a vehicle running upon fixed rails.

Explanation II.—For the purpose of this Item, where a motor vehicle is mounted, fitted or fixed with any weight lifting or other specialised material handling equipment, then, such equipment shall not be taken into account;

(xxiv) in Item No. 34A, for the words "PARTS AND ACCESSORIES OF MOTOR VEHICLES, NOT OTHERWISE SPECIFIED.", the words and brackets "PARTS AND ACCESSORIES OF MOTOR VEHICLES AND TRACTORS (INCLUDING AGRICULTURAL TRACTORS), NOT OTHERWISE SPECIFIED" shall be substituted;

(xxv) for Item No. 37, the following Item shall be substituted, and shall be deemed to have been substituted, with effect from the 18th day of June, 1977, namely:—

"37. CINEMATOGRAPH FILMS—

I. Unexposed.

Two paise per metre.

II. Exposed—

(i) News-reels and shorts not exceeding 500 metres.

Fifty paise per metre.

(ii) Feature films—

Rate of duty for films
which are of a length

	not exceeding 4000 metres.	exceeding 4000 metres.
(a) made wholly in black and white.	Twelve thousand rupees per print.	Fifteen thousand rupees per print.
(b) made wholly or partly in colour.	Eighteen thousand rupees per print.	Twenty-two thousand and five hundred rupees per print

(iii) Advertisement shorts and films not otherwise specified—

(a) made wholly in black and white.

Four rupees per metre.

(b) made wholly or partly in colour.

Six rupees per metre.";

(xxvi) for Item No. 37AA, the following Item shall be substituted, namely:—

"37AA TAPE RECORDERS (INCLUDING CASSETTE RECORDERS AND TAPE DECKS) AND TAPE PLAYERS (INCLUDING CASSETTE PLAYERS).

Thirty per cent. *ad valorem*.";

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

(xxvii) after Item No. 43, the following Items shall be inserted, namely:—

“44. WATCHES, CLOCKS AND TIME-PIECES, PRIMARILY DESIGNED TO SHOW THE TIME OF DAY. Ten per cent. *ad valorem*.”

45. MACHINERY AND APPLIANCES FOR DETERMINATION OF WEIGHT INCLUDING PARTS OF WEIGH-BRIDGES. Ten per cent. *ad valorem*.”

Explanation.—This Item does not include scales having arms of equal length which determine weight by balancing the object against weight.”;

(xxviii) for Item No. 51A, the following Item shall be substituted, namely:—

“51A. TOOLS, THE FOLLOWING, NAMELY:— Ten per cent. *ad valorem*.”;

(i) Hand tools, the following:

Pliers (including cutting pliers), spanners, wrenches, files and rasps, screw drivers (including ratchet types);

(ii) Tools for working in the hand, pneumatic or with self-contained non-electric or electric motor;

(iii) Tools designed to be fitted into hand tools, machine tools or tools falling under sub-Item (i), including dies for wire drawing, extrusion dies for metals and rock drilling bits;

(iv) Industrial knives and blades for hand or machine saws.

(xxix) after Item No. 60, the following Item shall be inserted, namely:—

“61. ELECTRIC LIGHTING FITTINGS, NAMELY:— Ten per cent. *ad valorem*.”

SWITCHES, PLUGS AND SOCKETS, ALL KINDS; CHOKES AND STARTERS FOR FLUORESCENT TUBES.

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

THE FOURTH SCHEDULE

(See section 33)

PART I

In the Additional Duties of Excise Act,—

(a) in clause (c) of section 2, for the words 'and "rayon or artificial silk fabrics"', the words 'and "man-made fabrics"' shall be substituted;

(b) in sub-section (1) of section 3, for the words "rayon or artificial silk fabrics", the words "man-made fabrics" shall be substituted.

PART II

In the First Schedule to the Additional Duties of Excise Act,—

(i) in Item No. 4, under "II. *Manufactured tobacco—*", for the entries in the third column against sub-Items (3) (i) and (3) (ii), the entries "One rupee per thousand" and "Forty paise per thousand" shall, respectively, be substituted;

(ii) in Item No. 19, for sub-Item I, the following sub-Item shall be substituted, namely:—

"I. Cotton fabrics other than (i) embroidery, in the piece, in strips or in motifs and (ii) fabrics impregnated, coated or laminated with preparations of cellulose derivatives or of other artificial plastic materials.

Five per cent *ad valorem*.";

(iii) in Item No. 22,—

(a) for the entry "RAYON OR ARTIFICIAL SILK FABRICS—", the entry "MAN-MADE FABRICS—" shall be substituted;

(b) in sub-Item (1), in the second column, for the words "Rayon or artificial silk fabrics", the words "Man-made fabrics" shall be substituted.

THE FIFTH SCHEDULE

(See section 39)

PART I

AMENDMENTS IN THE INCOME-TAX ACT

1. Section 2.—After clause (16), insert—

'(16A) "Commissioner (Appeals)" means a person appointed to be a Commissioner of Income-tax (Appeals) under sub-section (1) of section 117;'

2 Section 107A, sub-section (9).—For “Appellate Assistant Commissioner”, substitute “Commissioner (Appeals)”

3. Section 116, clause (c) and section 117, sub-section (1).—After “Commissioners of Income-tax”, insert “ , Commissioners of Income-tax (Appeals)”.

4. Sections 119, 154, 177, 189, 267, 271, 271A, 275 and 295 —After “the Appellate Assistant Commissioner”, wherever it occurs, insert “or the Commissioner (Appeals)”.

5 After section 121, insert—

“121A (1) Commissioners (Appeals) shall perform their functions in respect of such areas or of such persons or classes of persons or of such incomes or classes of income as the Board may direct

Jurisdiction of Commissioners (Appeals).

(2) Where any directions issued under sub-section (1) have assigned to two or more Commissioners (Appeals), the same area or the same persons or classes of persons or the same incomes or classes of income, they shall perform their functions in accordance with any orders which the Board may make for the distribution and allocation of the work to be performed”.

6 Section 125.—

(a) in sub-section (1), in clause (a), omit “and the Appellate Assistant Commissioner” and “and the Commissioner respectively”;

(b) in sub-section (2), for clause (a), substitute—

“(a) where such order is made under clause (a) of the said sub-section (1), references in this Act or in any rule made thereunder to the Income-tax Officer shall be deemed to be references to the Inspecting Assistant Commissioner and any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply;”.

7. Section 125A.—For sub-section (4), substitute—

“(4) Where an order is made under sub-section (1) and the Inspecting Assistant Commissioner exercises the powers or performs the functions of an Income-tax Officer in relation to any area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, references in this Act or in any rule made thereunder to the Income-tax Officer shall be construed as references to the Inspecting Assistant Commissioner and any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply.”

8. Section 126.—

(a) after “empower Commissioners,”, insert “Commissioners (Appeals),”;

(b) after “section 121,”, insert “section 121A,”.

9 Section 131, sub-section (1) —For “and Commissioner”, substitute “Commissioner (Appeals) and Commissioner”.

10. Sections 133 and 134.—For “or the Inspecting Assistant Commissioner”, wherever it occurs, substitute “, the Inspecting Assistant Commissioner or the Commissioner (Appeals)”.

11. Section 245.—For “or Commissioner”, substitute “, Commissioner (Appeals) or Commissioner”.

12. Section 245A, clause (b).—After “a Commissioner,”, insert “a Commissioner (Appeals),”.

13. Chapter XX, in the sub-heading before section 246, after “Appellate Assistant Commissioner”, insert “and Commissioner (Appeals)”.

14. Section 246.—

(a) renumber the section as sub-section (1) of the section and in the sub-section as so numbered,

(i) in the opening portion, for “Any assessee aggrieved by any of the following orders”, substitute “Subject to the provisions of sub-section (2), any assessee aggrieved by any of the following orders”;

(ii) omit clause (a) and the *Explanation*;

(b) after the sub-section as so numbered, insert—

“(2) Notwithstanding anything contained in sub-section (1), any assessee aggrieved by any of the following orders (whether made before or after the appointed day) may appeal to the Commissioner (Appeals) against such order—

(a) an order against the assessee, being a company, under section 104;

(b) an order specified in clauses (c) to (o) (both inclusive) of sub-section (1) where such order is made by the Inspecting Assistant Commissioner in exercise of the powers or functions conferred on or assigned to him under section 125 or section 125A;

(c) an order made by the Inspecting Assistant Commissioner imposing a fine under sub-section (2) of section 131;

(d) an order against the assessee, being a foreign company, where the assessee denies its liability to be assessed under this Act or any order of assessment under sub-section (3) of section 143 or section 144, and the assessee objects to the amount of income assessed or to the amount of tax determined or to the amount of loss computed or to the status under which it is assessed;

(e) an order against the assessee, being a domestic company, where the assessee denies its liability to be assessed under this Act or any order of assessment under sub-section (3) of section 143 or section 144, and the assessee objects to the amount of income assessed or to the amount of tax determined or to the amount of loss computed or to the status under which it is assessed, and the amount of

income so assessed or the amount of loss so computed exceeds five lakh rupees;

(f) an order of assessment under sub-section (3) of section 143 or section 144 made on the basis of directions issued by the Inspecting Assistant Commissioner under section 144B;

(g) an order imposing a penalty under clause (c) of sub-section (1) of section 271 where such penalty has been imposed with the previous approval of the Inspecting Assistant Commissioner under the proviso to clause (vi) of sub-section (1) of that section;

(h) an order made by an Inspecting Assistant Commissioner imposing a penalty under section 272A;

(i) an order made by an Income-tax Officer under the provisions of this Act in the case of such persons or classes of persons as the Board may, having regard to the nature of the cases, the complexities involved and other relevant considerations, direct

(3) Every appeal against an order specified in sub-section (2) which is pending immediately before the appointed day before an Appellate Assistant Commissioner or a Commissioner and any matter arising out of or connected with such appeal and which is so pending shall stand transferred on that day to the Commissioner (Appeals) and the Commissioner (Appeals) may proceed with such appeal or matter from the stage at which it was on that day :

Provided that the appellant may demand that before proceeding further with the appeal or matter, the previous proceeding or any part thereof be reopened or that he be reheard.

Explanation—For the purposes of this section,—

(a) “appointed day” means the date appointed under section 39 of the Finance (No 2) Act, 1977;

(b) “domestic company” and “foreign company” shall have the same meanings as in section 80B;

(c) “status” means the category under which the assessee is assessed as “individual”, “Hindu undivided family” and so on.’.

15. Sections 247, 248, 249, 250, 251 and 287.—After “Appellate Assistant Commissioner”, wherever it occurs, insert “or, as the case may be, the Commissioner (Appeals)”.

16. Section 253 —

(a) in clause (b) of sub-section (1), omit “or section 272A” and in that sub-section and sub-section (2), for “an Appellate Assistant Commissioner”, substitute “an Appellate Assistant Commissioner or, as the case may be, a Commissioner (Appeals)”;

(b) in sub-section (4), for “the Appellate Assistant Commissioner”, at both the places where it occurs, substitute “the Appellate Assistant Commissioner or, as the case may be, the Commissioner (Appeals)”.

17 Section 264, sub-section (4) —

(a) in clause (a), after "Appellate Assistant Commissioner", insert "or to the Commissioner (Appeals)" and after "in the case of an appeal", insert "to the Commissioner (Appeals) or";

(b) in clause (c), after "subject of an appeal", insert "to the Commissioner (Appeals) or".

18. Section 272A —

(a) in sub-section (1), after "Inspecting Assistant Commissioner or", at both the places where it occurs, insert "a Commissioner (Appeals) or".

(b) in sub-section (3), after "the Commissioner", at both the places where it occurs, insert "or the Commissioner (Appeals)".

19. Section 274, sub-section (3) —After "An Appellate Assistant Commissioner", insert "or a Commissioner (Appeals)".

PART II

AMENDMENTS IN THE WEALTH-TAX ACT, 1957

1 Section 2 —After clause (g), insert—

'(gg) "Commissioner (Appeals)" means a person empowered to exercise the functions of a Commissioner of Wealth-tax (Appeals) under section 9A,'

2 Section 8AA —For sub-section (4), substitute—

"(4) Where an order is made under sub-section (1) and the Inspecting Assistant Commissioner exercises the powers or performs the functions of a Wealth-tax Officer in respect of any case or person or proceeding, references in this Act or in any rule made thereunder to the Wealth-tax Officer shall be construed as references to the Inspecting Assistant Commissioner and any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply"

3 After section 9, insert—

Commis-
sioners of
Wealth
tax
(Appeals)

"9A The Board may empower as many persons as it thinks fit to exercise under this Act the functions of a Commissioner of Wealth-tax (Appeals), and on being so empowered the Commissioners (Appeals) shall perform their functions in respect of such areas or such persons or such classes of persons as the Board may direct, and where such directions have assigned to two or more Commissioners (Appeals) the same area or the same persons or the same classes of persons they shall perform their functions in accordance with such orders as the Board may make for the distribution and allocation of the work to be performed."

4. Section 13, sub-section (1) —For "Appellate Assistant Commissioner of Wealth-tax", substitute "Appellate Assistant Commissioner or the Commissioner (Appeals)"

5 Section 18—

(a) in sub-section (1),—

(i) in the opening portion, after “Appellate Assistant Commissioner,” insert “Commissioner (Appeals),”;

(ii) in *Explanation 2 (A)* and *Explanation 3*, after ‘Appellate Assistant Commissioner’, insert “or the Commissioner (Appeals)”;

(b) in sub-section (4), after “Appellate Assistant Commissioner,” insert “a Commissioner (Appeals),”;

(c) in sub-section (5), after “Appellate Assistant Commissioner”, at both the places where it occurs, insert “or Commissioner (Appeals)”

6. Section 18A.—After “an Inspecting Assistant Commissioner”, wherever it occurs, insert “or a Commissioner (Appeals)”.

7. Section 22A, clause (b).—After “a Commissioner,” insert “a Commissioner (Appeals),”.

8 Section 23—

(a) in sub-section (1), for “Any person”, substitute “Subject to the provisions of sub-section (1A), any person”,

(b) after sub-section (1), insert—

‘(1A) Notwithstanding anything contained in sub-section (1), any person,—

(a) objecting to the amount of net wealth determined under this Act or objecting to the amount of wealth-tax determined as payable by him under this Act or denying his liability to be assessed under this Act, where the net wealth determined on assessment made under section 16 exceeds fifteen lakh rupees; or

(b) objecting to any penalty imposed under clause (c) of sub-section (1) of section 18 where the penalty has been imposed with the previous approval of the Inspecting Assistant Commissioner under sub-section (3) of section 18; or

(c) objecting to any assessment or order referred to in clauses (a) to (h) (both inclusive) or clause (i) of sub-section (1), where such assessment or order has been made by the Inspecting Assistant Commissioner in exercise of the powers or functions conferred on or assigned to him under section 8AA; or

(d) objecting to any penalty imposed by an Inspecting Assistant Commissioner under section 18A; or

(e) objecting to an order made by a Wealth-tax Officer in the case of such persons or classes of persons as the Board

may, having regard to the nature of the cases, the complexities involved and other relevant considerations, direct,

may appeal to the Commissioner (Appeals) against the assessment or order, as the case may be, in the prescribed form and verified in the prescribed manner.

(1B) Every appeal against any assessment or order referred to in sub-section (1A) which is pending immediately before the appointed day before an Appellate Assistant Commissioner or a Commissioner and any matter arising out of or connected with such appeal and which is so pending shall stand transferred on that day to the Commissioner (Appeals) and the Commissioner (Appeals) may proceed with the appeal or matter from the stage at which it was on that day:

Provided that the appellant may demand that before proceeding further with the appeal or matter the previous proceeding or any part thereof be reopened or that he be re-heard.

Explanation.—In this sub-section, “appointed day” means the date appointed under section 39 of the Finance (No. 2) Act, 1977;

(c) in sub-sections (2), (2A), (3), (4), (5), (5A), (5B) and (6), after “Appellate Assistant Commissioner”, wherever it occurs, insert “or, as the case may be, the Commissioner (Appeals)”;

(d) in sub-section (3A)—

(i) after “sub-section (1)”, insert “or of sub-section (1A)”;

(ii) after “the Appellate Assistant Commissioner” insert “or, as the case may be, the Commissioner (Appeals)”.

9. Section 24.—

(a) in sub-section (1), after “the Appellate Assistant Commissioner”, insert “or the Commissioner (Appeals)” and in the same sub-section, omit “, or to an order passed by the Inspecting Assistant Commissioner under section 18A,”;

(b) in sub-section (2), after “Appellate Assistant Commissioner”, insert “or a Commissioner (Appeals)”;

(c) in sub-section (2A), after “Appellate Assistant Commissioner,” at both the places where it occurs, insert “or the Commissioner (Appeals)”.

10. Section 25, proviso to sub-section (1).—

(a) in clause (a), after “Appellate Assistant Commissioner”, insert “or to the Commissioner (Appeals)” and after “in the case of an appeal”, insert “to the Commissioner (Appeals) or”;

(b) in clause (b), after “Appellate Assistant Commissioner”, insert “or the Commissioner (Appeals)”.

11. Section 34A, sub-section (5).—After “Appellate Assistant Commissioner”, insert “, Commissioner (Appeals)”.

12. Sections 35 and 46.—After “the Appellate Assistant Commissioner” wherever it occurs, insert “or the Commissioner (Appeals)”.

13. Section 35K, sub-section (2) —For “in sections 8, 9”, substitute “in sections 8, 9, 9A”.

14. Section 37, sub-section (1).—After “Appellate Assistant Commissioner,”, insert “Commissioner (Appeals),”.

15. Section 42A, sub-section (2).—After “the Appellate Assistant Commissioner”, insert “or, as the case may be, the Commissioner (Appeals)”

PART III

AMENDMENTS IN THE GIFT-TAX ACT, 1958

1. Section 2 —After clause (vi), insert—

“(via) “Commissioner (Appeals)” means a person empowered to exercise the powers of a Commissioner of Gift-tax (Appeals) under section 8A;”.

2. Section 7AA.—For sub-section (4), substitute—

“(4) Where an order is made under sub-section (1) and the Inspecting Assistant Commissioner exercises the powers or performs the functions of a Gift-tax Officer in respect of any case or person or proceeding under this Act, references in this Act or in any rule made thereunder to the Gift-tax Officer shall be construed as references to the Inspecting Assistant Commissioner and any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply.”.

3 After section 8, insert—

“8A. The Board may empower as many persons as it thinks fit to exercise under this Act the functions of a Commissioner of Gift-tax (Appeals), and on being so empowered the Commissioners (Appeals) shall perform their functions in respect of such areas or such persons or such classes of persons as the Board may direct, and where such directions have assigned to two or more Commissioners (Appeals) the same areas or the same persons or the same classes of persons they shall perform their functions in accordance with such orders as the Board may make for the distribution and allocation of the work to be performed”.

Commis-
sioners of
Gift-tax
(Appeals).

4 Section 12, sub-section (1).—For “the Appellate Assistant Commissioner of Gift-tax”, substitute “the Commissioner (Appeals) or the Appellate Assistant Commissioner”

5 Section 17.—

(a) in sub-section (1), after “Appellate Assistant Commissioner,”, insert “Commissioner (Appeals),”;

(b) in sub-section (4), for “Commissioner or the Appellate Tribunal”, substitute “a Commissioner (Appeals), a Commissioner or the Appellate Tribunal”.

6 Section 17A.—After “an Inspecting Assistant Commissioner”, wherever it occurs, insert “or a Commissioner (Appeals)”

7 Section 21, sub-section (2).—After “Appellate Assistant Commissioner”, insert “, the Commissioner (Appeals)”

8. Section 22.--

(a) in sub-section (1), for “Any person”, substitute “Subject to the provisions of sub-section (1A), any person”;

(b) after sub-section (1), insert—

‘(1A) Notwithstanding anything contained in sub-section (1), any person—

(a) objecting to the value of taxable gifts determined under this Act or objecting to the amount of gift-tax determined as payable by him or denying his liability to be assessed under this Act where the value of taxable gifts **determined on assessment exceeds two lakh rupees**; or

(b) objecting to any assessment or order referred to in clauses (a) to (h) (both inclusive) of sub-section (1) where such assessment or order has been made by an Inspecting Assistant Commissioner in exercise of the powers or functions conferred on or assigned to him under section 7AA; or

(c) objecting to any penalty imposed under clause (c) of sub-section (1) of section 17 where the penalty has been imposed with the previous approval of the Inspecting Assistant Commissioner under sub-section (3) of section 17; or

(d) objecting to any penalty imposed by an Inspecting Assistant Commissioner under section 17A; or

(e) objecting to any order made by a Gift-tax Officer in the case of such persons or classes of persons as the Board may, having regard to the nature of the cases, the complexities involved and other relevant considerations, direct,

may appeal to the Commissioner (Appeals) against the assessment or order, as the case may be, in the prescribed form and verified in the prescribed manner:

Provided that no appeal shall lie under clause (b) of this sub-section against any order referred to in clause (f) of sub-section (1) unless the tax has been paid before the appeal is filed.

(1B) Every appeal against any assessment or order referred to in sub-section (1A) which is pending immediately before the appointed day before an Appellate Assistant Commissioner or a Commissioner and any matter arising out of or connected with such appeal and which is so pending shall stand transferred on that day to the Commissioner (Appeals) and the Commissioner (Appeals) may proceed with the appeal or matter from the stage at which it was on that day:

Provided that the appellant may demand that before proceeding further with the appeal or matter the previous proceeding or any part thereof be reopened or that he be re-heard.

Explanation.—In this sub-section, “appointed day” means the date appointed under section 39 of the Finance (No. 2) Act, 1977’ ,

(c) in sub-sections (2), (3), (4), (5), (5A), (5B) and (6), after “Appellate Assistant Commissioner”, wherever it occurs, insert “or, as the case may be, the Commissioner (Appeals)”.

9 Section 23 —

(a) in sub-section (1), after “the Appellate Assistant Commissioner”, insert “or the Commissioner (Appeals)” and in the same sub-section, omit “or to an order passed by the Inspecting Assistant Commissioner under section 17A”;

(b) in sub-section (2), after “Appellate Assistant Commissioner”, insert “or a Commissioner (Appeals)”;

(c) in sub-section (2A), after “Appellate Assistant Commissioner,”, at both the places where it occurs, insert “or the Commissioner (Appeals)”.

10. Section 24, proviso to sub-section (1) —

(a) in clause (a), after “Appellate Assistant Commissioner”, insert “or to the Commissioner (Appeals)” and for “in the case of the Appellate Tribunal”, substitute “in the case of an appeal to the Commissioner (Appeals) or to the Appellate Tribunal”;

(b) in clause (b), after “subject of an appeal”, insert “to the Commissioner (Appeals) or”.

11 Section 33A, sub-section (5)—After “Appellate Assistant Commissioner”, insert “, Commissioner (Appeals)”.

12. Sections 34 and 46.—After “Appellate Assistant Commissioner”, wherever it occurs, insert “or the Commissioner (Appeals)”.

13 Section 36, sub-section (1)—After “Appellate Assistant Commissioner,”, insert “the Commissioner (Appeals),”.

14. Section 41A, sub-section (2).—After “the Appellate Assistant Commissioner”, insert “or, as the case may be, the Commissioner (Appeals)”.

PART IV

AMENDMENTS IN THE COMPANIES (PROFITS) SURTAX ACT, 1964

1. Throughout the Act [except in sub-section (1) of section 3 and section 17], for “Appellate Assistant Commissioner” (except where it is preceded by “an”), substitute “Commissioner (Appeals)” and for “an Appellate Assistant Commissioner”, substitute “a Commissioner (Appeals)”.

2 Section 3, sub-section (1)—For “Additional Commissioner of Income-tax, Appellate Assistant Commissioner of Income-tax”, substitute “Commissioner of Income-tax (Appeals), Additional Commissioner of Income-tax”

3 After section 11, insert,—

‘11A Every appeal under this Act which is pending immediately before the appointed day before an Appellate Assistant Commissioner or a Commissioner and any matter arising out of or connected with such appeal and which is so pending shall stand transferred on that day to the Commissioner (Appeals) and the Commissioner (Appeals)

Transfer of certain pending appeals.

may proceed with such appeal or matter from the stage at which it was on that day:

Provided that the appellant may demand that before proceeding further with the appeal or matter the previous proceeding or any part thereof be reopened or that he be re-heard.

Explanation—In this section, “appointed day” means the date appointed under section 39 of the Finance (No. 2) Act, 1977.’

4. Section 17.—

(a) in sub-section (1), omit “or Appellate Assistant Commissioner”;

(b) in sub-section (4), for clauses (a), (b) and (c), substitute—

“(a) where an appeal against the order lies to the Commissioner (Appeals) but has not been made and the time within which such appeal may be made has not expired, or the assessee has not waived his right of appeal; or

(b) where the order has been made the subject of an appeal to the Commissioner (Appeals).”;

(c) omit *Explanation 2*

PART V

AMENDMENTS IN THE INTEREST-TAX ACT, 1974

1. Throughout the Act [except in sub-section (1) of section 3 and section 20], for “Appellate Assistant Commissioner” (except where it is preceded by “an”), substitute “Commissioner (Appeals)”, and for “an Appellate Assistant Commissioner”, substitute “a Commissioner (Appeals)”.

2 Section 3, sub-section (1).—For “Additional Commissioner of Income-tax, Appellate Assistant Commissioner of Income-tax”, substitute “Commissioner of Income-tax (Appeals), Additional Commissioner of Income-tax”.

3 After section 15, insert.—

‘15A Every appeal under this Act which is pending immediately before the appointed day before an Appellate Assistant Commissioner or a Commissioner and any matter arising out of or connected with such appeal and which is so pending shall stand transferred on that day to the Commissioner (Appeals) and the Commissioner (Appeals) may proceed with such appeal or matter from the stage at which it was on that day:

Provided that the appellant may demand that before proceeding further with the appeal or matter the previous proceeding or any part thereof be reopened or that he be re-heard

Explanation—In this section, “appointed day” means the date appointed under section 39 of the Finance (No. 2) Act, 1977.’

4. Section 20.—

(a) in sub-section (1), omit “or Appellate Assistant Commissioner”;

Transfer
of certain
pending
appeals

(b) in sub-section (4), for clauses (a), (b) and (c) substitute—

“(a) where an appeal against the order lies to the Commissioner (Appeals) but has not been made and the time within which such appeal may be made has not expired, or the assessee has not waived his right of appeal; or

(b) where the order has been made the subject of an appeal to the Commissioner (Appeals).”;

(c) omit *Explanation 2*.

K K SUNDARAM,
Secy. to the Govt. of India

